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STRENGTHENING RURAL OHIO: A REVIEW OF COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAMS

FIELD HEARING

BEFORE THE

SUBCOMMITTEE ON
HOUSING AND COMMUNITY OPPORTUNITY

OF THE

COMMITTEE ON FINANCIAL SERVICES

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

MARCH 24, 2006

Printed for the use of the Committee on Financial Services

Serial No. 109–78

U.S. GOVERNMENT PRINTING OFFICE

30–176 PDF WASHINGTON : 2006

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
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CONTENTS

	Page
Hearing held on:	
March 24, 2006—Morning Session	1
March 24, 2006—Afternoon Session	31
Appendix:	
March 24, 2006	73

WITNESSES

FRIDAY, MARCH 24, 2006—Morning Session—Mount Vernon, OH

Calhoun, David, Director, Department of Community Development, City of Newark, Ohio	13
Crow, Patrick L., Inspector, Community Housing Improvement Program, City of Mount Vernon and Knox County	15
Dupps, Hon. Daniel L., Mayor, City of Heath, Ohio	3
Glass, Dave, Safety-Service Director, City of Mount Vernon, Ohio	17
Graves, William J., Deputy Director of Development, City of Columbus, Ohio	20
Hall, Hon. David, Holmes County Commissioner	5
Schocken, Amy W., partner, CDC of Ohio, Inc.	18
Stockberger, Hon. Allen, President, Knox County Board of Commissioners	6

FRIDAY, MARCH 24, 2006—Afternoon Session—Cambridge, OH

Aaby, Aane, President, Ohio Conference of Community Development	49
Downing, Philip H., Local Office Director, Columbus Enterprise Community Partners	52
Gadd, Hon. Donald J., Mayor, Village of Byesville, Ohio	33
Grefe, Hugh, Senior Program Director, Toledo, Local Initiative Support	55
Henry, Oren J., Community Development Administrator, City of Cincinnati, Ohio	58
Laughman, Hon. Thomas J., President, Guernsey County Commissioners	36
Metzger, Hon. Kerry, President, Tuscarawas County Commissioners	37
Montgomery, Hon. Dorothy, President, Muskingum County Commissioners	38
Myers, Donald R., Executive Director, Ohio Mideastern Government Association	60
Ricer, Gary W., Executive Director, Guernsey, Morgan, Noble Tri-county Community action Committee	61
Salupo, Hon. Samuel A., Mayor, City of Cambridge	39
Wesel, Charmel, Acting Development Director, City of Marietta, Ohio	63
Zwelling, Hon. Howard S., Mayor, City of Zanesville	41

APPENDIX

Prepared statements from the morning session:	
Ney, Hon. Robert	74
Calhoun, David	76
Crow, Patrick L.	80
Dupps, Hon. Daniel L.	85
Glass, Dave	93
Graves, William J.	97
Hall, Hon. David	101
Schocken, Amy W.	117
Stockberger, Hon. Allen	122

Page

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD—MORNING SESSION

Hon. Robert Ney:
Letter from Naomi Mattingly Compton 124
Letter from Evelyn Warr-Cummings 125
Letter from Dale Hartle 127
Letter from Robert M. Wiles 128
Position Statement from the Ross County Trustees 129
Letter from Hon. Clifford L. Mason 130

Prepared statements from the afternoon session:
Ney, Hon. Robert 133
Aaby, Aane 135
Downing, Philip H. 164
Gadd, Hon. Donald J. 169
Grefe, Hugh 172
Henry, Oren J. 177
Laughman, Hon. Thomas J. 179
Metzger, Hon. Kerry 186
Montgomery, Hon. Dorothy 189
Myers, Donald R. 195
Ricer, Gary W. 198
Salupo, Hon. Samuel A. 199
Wesel, Charmel 207
Zwelling, Hon. Howard S. 203

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD—AFTERNOON SESSION

Ney, Hon. Robert:
Letter from the Coshocton County Commissioners 205
Letter from Hon. Michael Mullen 206
Letter from Douglas R. Davis 210
Letter from David Brightbill 212

STRENGTHENING RURAL OHIO: A REVIEW OF COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAMS

Friday, March 24, 2006

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING AND
COMMUNITY OPPORTUNITY,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 8:00 a.m., in the Knox County Commission Hearing Room, 117 East High Street, Suite 161, Mount Vernon, Ohio, Hon. Bob Ney [chairman of the subcommittee] presiding.

Present: Representative Ney.

Chairman NEY. The hearing will come to order. This is a field hearing of the Subcommittee on Housing and Community Opportunity.

And I did want to introduce the staff people here today. Clinton Jones is here, and Jeff Riley. Clinton is with the majority staff and Jeff is with the minority staff of the Financial Services Committee. But they obviously work together for the betterment of what we should do as a subcommittee. Our ranking member, Maxine Waters of California, sends her regrets.

We have two panels today and in holding with—this is an official House hearing, there being no objection, this is an official House hearing, so the testimony that you will—that we will take back from here will be valuable. We are going to do three hearings within Ohio, and then we are going to do one in Los Angles in Representative Maxine Waters' area. And I think that shows you no matter how large the city, or no matter how small the town, this issue is important. And we will take this back for the record and share it with our colleagues, so this will help—if you support Community Development Block Grants, then this will help to hopefully stave off the things that are happening right now with it.

So, I would like to welcome you this morning to Mount Vernon. And I want to thank, first of all, the Knox County Board of Commissioners for allowing the subcommittee to use its public hearing room for today's important discussions regarding the CDBG or Community Development Block Grant. So again, thanks to the Commissioners and a special thanks to Rochelle Shackle. I do not know if Rochelle is here but she does so many things for the county.

The CDBG program, administered by the Department of Housing and Urban Development, is the Federal Government's largest and most widely available source of financial assistance to support State and local government-directed neighborhood revitalization, housing rehab, and economic development activities. These formula-based grants are allocated to more than 1,100 entitlement communities (metropolitan cities with populations of 50,000 or more and urban areas), the 50 States, Puerto Rico, and the insular area of American Samoa, Guam, the Virgin Islands, and the Northern Mariana Islands. Grants are used to implement plans intended to address local housing, neighborhood revitalization, public services, and infrastructure needs, as determined by local officials, of course, with citizens' input.

The benefits of CDBG funding can be seen in local communities across the 18th District, which I represent. Here in Knox County, CDBG funding has allowed for the revitalization of several downtown streets such as in Mount Vernon. The rehabilitation of the Mount Vernon streetscape has brought a lot of new life, and residents and visitors alike can enjoy the renovated shops and the restaurants. And none of this would be possible without CDBG.

CDBG funding is also vital to our small towns because it provides necessary resources to build sidewalks and pathways for residents to access local parks and recreation areas.

Mayor Mason, by the way, sends his regrets that he could not be here with us today.

President Bush's fiscal year 2007 budget proposal raises some interesting and serious questions about what role community development should play in helping local and State government to provide safe and affordable housing to its constituents. In addition to recommending a new formula change for the Community Development Block Grant that focuses more on the neediest communities, the Administration recommended a funding level for fiscal year 2007 that is 27 percent below last year's enacted levels. And for those of you familiar with CDBG, it had a cut at the end of the day, last year.

The proposal also last year, which was fought back in the House and the Senate, would have shifted CDBG into the Department of Commerce, which would have totally changed the rules, the regulations, there would probably have to be new rules and regs crafted. It would have changed—I think in the opinion of most Members of Congress, would have changed the total thrust of the CDBG program into something that would not be good and would not help with the quality of life.

So our goal, or my goal, as chairman of the Housing Subcommittee is to make certain that the Department of Housing and Urban Development remains focused on housing and community development and that it has the tools necessary to continue to provide safe, decent, economically viable communities for our citizens. With such a significant decrease in CDBG funding levels, I question whether the Department will be able to continue these goals that have been set forth by the Congress.

Last year, I was very vocal, again as I mentioned, in my opposition to the ill-fated proposal to move it to the Department of Commerce. And I think CDBG importantly is based on the concept that

local communities and States can determine priority community development needs and then develop strategies and programs to address those needs. The program helps to create a web of programs designed to strengthen our communities and also to help with adequate funding.

And with that, is there anything you would like to say?

Mr. RILEY. No, thank you, sir, for having us today. Mr. Frank and Ms. Waters send their greetings.

Chairman NEY. Thank you. And with that—usually the general rule of the House, because this is a hearing of the House, two things—in hearings in the House, no one in the House is commissioned to express yea or nays—not to use my name as a part of it—not to express clapping or booing. It is just a rule of the House which would apply to the hearing today. And we have 5 minutes per panel, panel member and then 5 minutes of questions, and hopefully we will not take up all the time, so we would have a little bit more time, a little more relaxed about it.

So, I want to thank you again, everyone, for being here today and we will begin with panel one. And we have the Honorable Daniel Dupps, Mayor, City of Heath, Ohio, who provides great service. I should put in a promotional plug here for Heath, Ohio; I live there, so that is why, it is a real good place, as all the communities are. And of course the Honorable Dave Hall, Holmes County Commissioner. And the Honorable Allen Stockberger, President of Knox County Board of Commissioners. And we will begin with you, Mayor Dupps.

STATEMENT OF THE HONORABLE DANIEL L. DUPPS, MAYOR, CITY OF HEATH, OHIO

Mr. DUPPS. Thank you, Chairman Ney. I appreciate the opportunity to testify today and share some information with you and the panel. You have my written statement. I would like to read portions of that, but also go to the past Community Development Block Grants in Licking County. And they represent small communities, villages, and townships, as well as the City of Newark, City of Heath, Pataskala whose mayor is here today. And then also in the last two pages, which gives you an idea of the fiscal year projects and where they are located in Licking County. And also the final page is a little highway map so you can also see the major thoroughfares.

But in terms of the City of Heath, Heath is considered an acquired city under Licking County Small Cities Community Development Block Grant program. As an acquired city, we automatically receive roughly $47,000 per year in CDBG funds for infrastructure improvements. Since the City of Heath started receiving these funds in 1985, we have been very fortunate to receive $657,000; of that, $538,000 was expended. With the $538,000 we were able to leverage an additional $43,000 from other sources to upgrade our low-moderate neighborhoods with tornado sirens, fire hydrants, curbs, sidewalks, and street improvements. Without these funds we would not have been able to do many of these projects, much less leverage for bigger projects.

It goes without saying, if there is a reduction in funds, every county, city, and village in the United States including the City of

Heath will lose a valuable and much needed funding source. And I am glad, Congressman, you pointed out Los Angles and other cities; this is a nationwide issue. Also if the funds are reduced, then across the board, everyone's funds will be reduced. Less funds equals fewer projects, and less projects means more deterioration, in our particular case.

One final point: Heath has been able to attract numerous businesses to our community in the past 20 years, thereby providing thousands of jobs for our citizens, as well as bringing in other residents. I believe, when a business considers moving into an area, one of the questions posed would be, is this a progressive community or is this a community in decline? If the community is declining, the businesses will go elsewhere.

Bottom line for us: I think I can speak for all in Licking County as well, the Community Development Block Grant program helps us grow. To reduce or eliminate it will only cause our communities to deteriorate further and that is not what our citizens want or need. It is not good for us, nor is it good for Ohio.

If I could just go to the following pages, the communities are Buckeye Lake, a very struggling community and a new village in our county. You can see a township, Eaton Township. And you can see some of the projects that we have, if you turn to the third page, Heath is listed there. And you can see from 1985 up to 2004 or 2005 some of the projects that we have done, plus all the other communities. Hebron is here as well today. But they range from curb cuts to handicapped playgrounds, to fire hydrants, to tornado sirens, to park furniture, to playground services. These are projects that have made Heath—Heath is a community of 8,500 people; it was incorporated in 1965—appealing to people.

If I can note a couple of very important ones in terms of Licking County. And I do not speak for these communities, this is on page two, again the second page. But you will see the Hartford Wastewater Treatment Plant and Collection System. Hartford is where we have our county fair. Again, a small village, but without these funds, the small village of Hartford would not be able to have a wastewater treatment program.

That is true of another small community in Licking County, Hanover. I think this particular list really emphasizes the broad range of projects in our communities. It is substantial and it is very, very important.

Finally, the last two figures, the last two sheets show you the color coded years of the projects. The kinds of communities that we are using these block grants for, and then finally their locations. You can read the material, I cannot emphasize more on how important they are. They are more than the icing on the cake. They are the difference between a deteriorating community and a progressive community.

I thank you very much for your time, sir.

[The prepared statement of Mayor Dupps can be found on page 85 of the appendix.]

Chairman NEY. Thank you.

Commissioner Hall.

STATEMENT OF THE HONORABLE DAVID HALL, HOLMES COUNTY COMMISSIONER

Mr. HALL. Thank you, Mr. Chairman. I appreciate the opportunity to testify in front of this group. I am the president of Holmes County Commissioners, and also president of Ohio Mid Eastern Government Association. But I will be speaking on behalf of the Holmes County Commissioners and my county.

I would like to start my testimony by saying our Commissioners are in strong support of the CDBG program. These local programs have been vital for local project development in Holmes County. Through the past 24 years, Holmes County has had a partnership with our villages, township, fire departments, senior centers, and county transportation projects.

Holmes County has a population of approximately 43,000. We are a very rural county. We have six villages with the largest village having a population of less than 5,000 people. We have 10 unincorporated villages. These villages are under local township rule. With a 24-year history of Holmes County CDBG projects, I have Exhibit A, which starts on my third page, and is the history of Holmes County CDBG project program from fiscal year 1982 to fiscal year 2005.

Holmes County, over those years, has received over $3,670,781 in total formula funds, of which $3,266,900 was used for local projects. On page two, you will see the breakdown of the projects. Starting on page 4, and ending on page 10, you will see projects from 1982 to 2005. In the left column is the total project cost. In the right column you will see the CDBG funds that were used in the project. So, you will see that there was local funds in some of these projects committed by local entities.

As you see in many of these projects, there are local jurisdictions and different jurisdictions. We use these CDBG funds for sidewalk projects in our township villages, in our little villages. We have used it for sewer projects, water projects, and vans for seniors and low-income residents on our transportation side. Street improvements, EMS equipment, defibrillators, and other minor equipment that they could not find and could not fund.

Early warning sirens have been vital in our county. We were able to do a project on that level, but we still are not finished.

Park improvement projects, water studies, money to the senior centers for improvement, county home, sewer plan, storm drains, and projects for the village hall, local village hall, these funds are small in size but they are important to locals in Holmes County.

Each year we receive over $1 million worth of requests in project funding. Unfortunately we had $200,000 last year to work with.

CDBG funds are very important in my county in the State of Ohio and if asked, I would say level funding is not enough. We cannot afford to take any decreases. Just as added—the last two pages of my testimony here, I added, I just received a letter from the Ohio Department of Development; it states that Holmes County will receive a cut. I received that letter yesterday. Receiving a 10 percent cut, so now we will be receiving $179,000. So we are going backwards. Actually, we need CDBG funding to be increased for the future of Ohio and our communities.

We know our community, and this program has helped Commissioners to help locals to help themselves. We are starting our CDBG projects for 2006 and I have been out to villages with my fellow Commissioners, and townships, and I have to say we have already looked over $500,000 worth of requests just now and we have not even started our hearing process.

On page 11, you will see my breakdown on the Community Housing Improvement Program. This program helps consumers to buy homes and it also helps in improvements and repairs.

I would like to thank you for your time.

Just to add a few things. We also, on the economic development level, our largest business in Holmes County is looking for the CDBG program to help to do some sewer and water projects. As you will see Wayne-Dalton, which is Wayne Door, a nationally known company, we were able to get them in the process of adding on and building on, with the editors on my back project list we have added Merillat Corp, the park projects and a few others to the CDBG funding.

Finally, this program is vital, but not complete—its mission is not complete.

I thank you.

[The prepared statement of Mr. Hall can be found on page 101 of the appendix.]

Chairman NEY. Thank you, Commissioner.

Commissioner Stockberger.

STATEMENT OF THE HONORABLE ALLEN STOCKBERGER, PRESIDENT, KNOX COUNTY BOARD OF COMMISSIONERS

Mr. STOCKBERGER. First of all, I would like to address the Formula Community Development Block Grants. I also received the notice yesterday of the cut. Knox County's amount is a little bit less than Holmes County and I think as I understand the program, that's because we have a city over 5,000, so they get additional monies that the county does not receive. But nevertheless, it does reflect a 10 percent cut.

We in Knox County, Ohio, have appreciated the flexibility of the formula program. We have used these dollars to bring buildings into American Disabilities Act compliance. Without these funds being available some of the political subdivisions would not have been able to complete these much needed and mandated improvements. And we have looked on CDBG as a funding source to comply with the ADA mandates. And granted at this point in time we are approaching compliance with ADA, but we still have some improvements needed.

We have also used these dollars to complete projects such as parks and improvements, sidewalks, stormwater drainage, our local domestic abuse shelter known as New Directions, and our local substance abuse facility known as the Freedom Center. All these community improvements are benefitting the low-moderate income members of our community.

The next area of testimony I wish to speak to is the communities—the county's Community Housing Improvement Project. My favorite component of the CHIP program is the same as the President's. To expand home ownership and opportunity, although I

might add even though that may be my favorite, it has been underutilized in Knox County. We have not been able to get the participation in the home ownership programs that we would like. I am not completely sure why that is. But we have had great participation in the rental assistance program component of the CHIP program and we are not quite as supportive of that, because philosophically we believe that it is like giving the people a fish every day to sustain them, rather than teaching them how to fish. And we believe the other home ownership program is more of a teaching how to fish example.

Now, another area of that that has worked well for us, the home ownership concept, is that we have had several Habitat for Humanity projects. And we really embrace those here in Knox County and we believe it is an excellent opportunity for people to become homeowners.

We have also utilized the CHIP monies to do some water and sewer projects in under-served—unserved low-income communities.

In conclusion, Knox County has appreciated the CDBG programs. We recognize the need to be fiscally responsible. We would suggest that if budget cuts must be made, we request that you please save the flexibility of the programs and the brick and mortar components of the various CDBG programs.

I appreciate this opportunity you have granted Knox County in testifying at this hearing. Thank you.

[The prepared statement of Mr. Stockberger can be found on page 122 of the appendix.]

Chairman NEY. Thank you.

If anybody would like to answer this, all three or one of you. What about—I think you kind of made this statement at the end of your testimony. Any attempts to target these funds more stringently? In other words, into certain categories where you could fund only certain items. In other words, more stringent attachment to the funds. Do you have an opinion on that, if that were to happen?

Mr. STOCKBERGER. Yes, I do have an opinion on that. In Knox County, our Board of Commissioners would support more flexibility rather than less—if I understood your question correctly. I think more stringent would mean less flexibility. Now, I understand that to use our local State Representative's terminology, "the sheckles come with shackles." And I understand the reason for that, obviously the Federal Government is not going to just spray money out here in the local communities, and we appreciate that. You have to be responsible for the tax dollars, as we do. But we certainly would appreciate whatever flexibility we can be afforded. Because there are times when certain components might fit one community very well, but they may not work as well in our community. So, if we had that flexibility, then it gives us the opportunity to match the needs of our communities better.

Chairman NEY. Thank you. Anyone else?

Mr. HALL. I agree with my fellow Commissioner to my left. I agree that flexibility as a county commissioner is vital. Each community is different. I look at my community where I have—on the eastern part of the county I have an Amish development, the

Amish settlement. On the western, it is a lot more of the Appalachia areas. So flexibility in my county is vital.

Mr. DUPPS. I would agree as well. That's why I tried to list so many projects in our county. They are quite diverse and they are different in many ways, but yet they are the same. They tend to be basic infrastructure needs, if you really look at the list. And I would be surprised if you would see many grants throughout the country misused. Most of them tend to be the guts and meat of infrastructure needs in small towns and large communities as well.

Chairman NEY. I should also mention Representative Collier. I do not know if he is here—in the hall—Representative Collier, the local representative is here and has been so helpful to us and helpful with also arranging this, so I wanted to give him credit, with the shackles or without the shackles.

I raised this question—I wanted to let you know—why about stringent, and I hear this from Washington. I will have people that will come up to me and they will say well, they are using this money for fire trucks. Yes, okay, and what's the next question? But some people would say it is supposed to be more of complete housing or it is supposed to be this or that. But I do try to explain a lot and that's why I think this is good for the record, to a lot of people, that it is a quality of life issue here too in the communities. But also you have a lot of community and if they do not have a certain piece of safety equipment and that volunteer fire organization goes away, people will not be in that area, because they would not have necessarily a paid service that will come into it. So, I think the quality of life does tie into jobs, in my opinion. So, I have tried to stress that, because people say well, maybe we should not allow it to use for fire equipment. Or maybe we should not allow it to be used for certain things that maybe does not make sense to them but might make sense to a community. I think your testimony has provided that.

Would anyone like to comment on—I know Commissioner Hall mentioned about the cut. What explanation has been given to you regarding the cut? You said you got a letter from the State, but have you had any explanation on it?

Mr. HALL. We were told in the letter addressed to the Board of County Commissioners, March 23, 2006, that, "Dear Commissioner Hall, In fiscal year 2006, the Office of Housing and Community Partnership expects to distribute approximately $21.9 million of Ohio Small Cities Community Development Block Grant Program funds to eligible communities through the Community Development Program, which includes the formula allocation...", basically in the level that there was a—"Due to a 10.2 percent reduction in the Community Block Grant Program at the Federal level, the fiscal year 2006 Community Development Program allocations were reduced by 10 percent." So we are saying that the level of cuts have now bled down and been passed on to the locals.

Chairman NEY. I wanted to clarify, because that is the 10 percent I talked about last year. These people are saying well, CDBG in the President's proposal is going to be cut 25 percent and then the goal might be, well, let us get it down to a 15 percent cut. Now, if you take 15 percent and 10 percent last year, it is still 25 percent. If the current cut is in existence, it is 35 over a 2-year period,

so we always like to tell people, the goal is—in my opinion and some people will disagree, some people will support the cut, but the goal is to get it back to 25 percent, because we are already at 10 percent from the previous time. And I think that directly reflects how the dollars change down to an area.

Would anybody like to comment on how CDBG funds have leveraged private sector funds for a community?

Mr. DUPPS. On my list here, you will notice that there are a number of categories. There is the grant request. There is the actual expenditures, there is other and there is the total, and the total entity. And the other is the numbers of dollars that have been leveraged by various communities. So, you can take a look at each bottom line in terms of Licking County or Utica or other small areas in our county, what has been leveraged. In our particular case, we have an opportunity, if we do a bike path or if we do a park or something like that, we can go to a foundation. If we—we do have a grant writer and we try to match as many of our other grants with private sector grants. And that is across the board, whether it is a Licking County foundation or State foundation, actually the State capital—Capital Improvements Fund is another area that we go to.

One of the things that we did was we saved our oldest home in our community, an 1860 home designed by Andrew Jackson Downing, one of the gentleman who laid out some of the areas of Washington, D.C.; it was important to us. But we were able to leverage some money from this particular fund and then with the State Community Capital Improvement Fund.

So it is important and that is why the list is there. It shows you the amount of money that is leveraged elsewhere. And without that I do not know how we would do that. Because we have to have, you know, a certain amount of funding anyway in terms of going out for grants. We have to show that we are contributing. We contribute our own financial monies from the cities. We get this particular grant and then we go out and leverage it elsewhere. We have been very, very fortunate in Heath to do that. And you can see other communities in Licking County have done the same thing.

Mr. HALL. On our last 2 years, just looking at 2004 and 2005, we have leveraged dollars from other State programs. If you look at our transportation, we were able to receive $93,600 through the State ODOT program. And in 2005, we were able to, in our program, the Ohio Public Works Program, on a road—I mean, on a water and sewer project, we were able to use the old Issue Two program, which will now be the Issue One program. So we have not received anything from the private, but we have from the other public entities, we have received matching dollars.

Mr. STOCKBERGER. I believe that we have also, however, I do not have the data with me.

Chairman NEY. The final question that I have is on the 15 percent public service cap, the limitation is 15 percent. Does anybody think that should be raised? Or has that been an issue? Where you could use it for health care sector, there is a cap of 15 percent. Maybe you have not dealt with that, okay.

Mr. STOCKBERGER. No, we have not done that.

Chairman NEY. I wanted to make a comment because you said some interesting things about local flexibility and about the funds and the process. And I imagine the State process is pretty old hat for you. It has been around awhile, I assume. You know people talk these days, you hear it across the county about earmarks and we have to do away with earmarks. In a way, the monies come down and then you make decisions and, you know, different levels of government and people from communities work with their local officials. You are taking the money down and it is more of a local flavor to that decision. It can be a controversial decision or not, but it is more local flavor. This whole type of earmarks in Washington and let us do away with earmarks, I have no problem putting our name on the earmarks. We earmarked a cancer hospital addition here in Knox County, a road project, $52 million worth, so I have no problem putting the names on them. You can electronically surf any of these bills and see whose names are in there. But this whole phase to not to do earmarks to return taxpayers dollars means, at the end of the day, the reverse of CDBG in a sense. It will be a decision made in Washington. So you are going to have the bureaucracy of Washington, D.C., saying hmm, I think maybe Holmes County needs this. Or I think Knox County or Heath, Ohio, needs these improvements, I do not think it is going to happen. So, in my opinion, the earmark is a way where you hear local opinions from local mayors and township trustees, commissioners, State reps, and citizens, you know, everywhere. And then that money comes back down through. So I just wanted to say as you read this earmark fever, let us do away with them, in a way, it is taking away the local people's desires to have certain things in their communities. Which I think block grants, I know you solicit opinions, I know you have tough decisions too, on how do you chose.

Mr. DUPPS. I would like to comment on it, because we talk about that often in our deliberation with the council and, as you know, we have been the recipients of money because of your efforts on State Route 79. And people have asked me about that. And without—when you have a State route through your community whether it be a State route like 79 through my community or a State route like 16 or 161 through Pataskala, once you have that, that road is our responsibility to maintain, that's everyday, you plow it, you patch it, you widen it, you do it all. Unless you have the urban repaving, and urban repaving comes along every 10, 20 years or so. So you are maintaining that. The widening is almost impossible for a small municipality in some of these. So you do need this help.

When we widened State route 79, we were dealing with literally the Erie Canal, if you are familiar with our community. So we had some real structural issues to deal with. We couldn't have done that without that help. So, again, one of the things that I would say is if people in the United States complain about earmarking, then they have a right to vote. And they—the system is that way. They change or, you know, support, whatever they do. But the facts are, most communities cannot deal with all the new infrastructure problems and maintenance issues without the help of ODOT, without the help of the State government, without the help of the Federal Government.

When you talk about the wastewater treatment plants—you know, I am talking about very small communities, Hanover and Hartford, dealing with millions of dollars of wastewater improvement needs. And it is very, very difficult without higher and higher rates to put into savings for 10 or 15 years for replacement funds when those facilities wear out, or when they need to be upgraded for a new environmental protection agency regulation, you must do that.

So, again, in terms of earmarks, I kiddingly say—I heard this, but I kiddingly say to reporters, pork barrel backwards spells infrastructure in my community. The reason I say that is we cannot handle all of the needs and the necessities of running these major water treatment plants, these major wastewater plants and also maintain these highways.

Most communities are struggling without—our neighbor Newark is struggling mightily with surface stormwater. They have a combined plant that has been—it is a real problem for them. They are going to have a real problem.

So that is my response. You know, we have a system here in the United States and while I am satisfied with it, it is up to the citizens to vote for a particular candidate or not for a particular candidate. But without some earmarked funds, I think we would have a real struggle. And I also trust local officials and I trust other officials to do the right thing. Most of the time they do the right thing for our citizens. So, I thank you that, Congressman.

Chairman NEY. I just wanted to raise that issue. I think again, you should have to put your name on the appropriation, no problem, make it public. Here is your name, here is who asked for the money, all through the bills versus being silent on it. I think that is the way to handle it and then, you know, this is the person that did that appropriation and then they have to justify, you know, what they did and who they appropriated on behalf of. So, I think that's probably the solution versus the generic let us do away with them. So, I just thought I would raise that.

I want to thank you for your testimony today. And we are going to move on to panel two. But I want to thank you so much, because this does allow us and like I said we have staff on both sides of the aisle here. It allows us to go back and take this testimony for the record. And I think it will have an impact and I hope it does and the letters coming from across the country on important issues. So, I want to thank panel one and move on to panel two.

And then as we begin to move on to panel two, we move on now. If you want to start around the room, if you are an elected official and you would like to introduce yourself and if you have statements for the record and you are not on a panel, we will take the statements for the record. If you are a citizen and you want to introduce yourself. I just thought we would start, how about we start here.

Mr. BOOTH. John Booth, president of the city council. I want to go on record in support of CDBG, and the council recently passed a resolution and it has been sent to your office and to other Representatives in support of all that. The Mayor's report, and Amy Schocken is here today in support of their reports today.

Chairman NEY. Anybody else? Go ahead down the row. If you do not want to, that is fine. Now, the panel can come forward, if you want to do that.

Mr. Calhoun, Mr. Crow, Mr. Glass, Mr. Graves, and Ms. Schocken.

Anybody else in the room would like—yes, sir.

Audience PARTICIPANT. Mayor of the City of Pataskala. We looked at the numbers in the last 24 hours and saw that 10 percent cut as well. And I would like to make this a public record statement that we are particularly a city that would be taken out of the local share under that formula with a 25 percent cut. That is a great example of residents in our community that would receive no services with local decision making in order to solve a problem. And we are right in the midst of an example, a water project in a low-income housing area. The last 3- or 4-year plan was through CDBG funds, so I would ask for any support we can get in order to keep the funding where it is at.

Chairman NEY. The Mayor of Delaware, I know, has a statement.

Audience PARTICIPANT. I'm not the mayor, I am the city manager.

Chairman NEY. I am sorry.

Audience PARTICIPANT. We support the CDBG program as well. We have a written statement that we would like to submit.

Chairman NEY. For the record. Anyone who has written statements you would like to submit for the record, we will be glad to take those. Any other officials would like—please identify yourself, if you are an elected official.

Mr. WISE. Bob Wise, Knox County Commissioner, I just want to go on record that we wholeheartedly support everything that Allen presented here today. He did a fine job. Thank you.

Mr. PFEIFER. Gary Pfeifer, Holmes County Commissioner. I just wanted to go on the record to say that, again, I support my fellow Commissioner Dave Hall and his statement and the local governments know what local government needs and we need to have to that access available to assess that a whole lot better than what Washington does.

Chairman NEY. And if there is no one else. Anybody else who has a statement for the record, we will be glad to take it.

We will have panel two and we have Mr. David Calhoun, the director of the Department of Community Development, City of Newark. And Mr. Patrick Crow, Community Housing Improvement Program CHIP inspector, Knox County in Mount Vernon. Mr. David Glass, safety service director, City of Mount Vernon. Mr. Graves, William Graves, housing administrator, City of Columbus. And Ms. Amy Schocken, partner, CDC of Ohio, Inc. Thank you. And we will begin with Mr. Graves.

Actually, we will begin with Mr. Calhoun. I need to introduce Cindy Chetti. Cindy is also one of the fine staff people at Financial Services and as you can see runs the three of us in Washington, D.C. Cindy has done a great service all this time out there. Mr. Calhoun.

STATEMENT OF DAVID CALHOUN, DIRECTOR, DEPARTMENT OF COMMUNITY DEVELOPMENT, CITY OF NEWARK, OHIO

Mr. CALHOUN. Good morning, Mr. Chairman and the members of the committee. I'm the director of the Newark Community Development Department. On behalf of Mayor Bruce Bain, I appreciate the opportunity to address the importance of CDBG and the potential impact that cuts will have on Newark, Ohio.

Our community is a community of 46,000 people. It is the county seat of Licking County.

Newark is a community comprised of 51 percent low and moderate income people. HUD categorizes us as an entitlement community. Our Five-Year Consolidated Plan guides our use of CDBG funds and reflects the high priority needs of our community. And those needs were the result of an intensive comprehensive assessment involving many facets of the community.

Clearly, the cornerstone of the CDBG program is that it is based on the needs assessments conducted at the local level. This is vital in developing and implementing a strategic plan. We, at the local level, can best assess the challenges facing our citizens and service providers. Too many Federal and State programs have homogenized mandates that force square pegs into round holes to access funding. That has never been the case with CDBG and that characteristic is key to its effectiveness and value. Washington does not know the specific needs of Newark, Ohio. The flexibility inherent in the makeup of CDBG allows us to make the most effective use of Federal dollars.

In Newark, over half our housing stock was built prior to World War II. For many years, the focus has been on preserving existing housing stock, assisting development of affordable housing, and preventing homelessness. Over 70 percent of our housing was built prior to 1978, therefore we are implementing lead hazard removal programs so that we can save our older housing and prevent disabilities in children who are unknowingly at risk due to lead based paint.

Perhaps one of the most understated aspects of CDBG is the collaboration that it encourages. We work with numerous social service agencies and non-profits in order to maximize resources that help people with a variety of needs. Without it, many people will suffer and so will our community's overall ability to address major issues in housing, economic development, and the prevention of slum and blight.

Local governments, private non-profit entities, and social service agencies cannot absorb these cuts. The City of Newark has just gone through a layoff of city employees, that has included basic services such as police and fire. There is just no chance that our local budget will be able to absorb cuts in the CDBG program.

Removing setasides, such as Brownfields Economic Redevelopment Initiative, Rural Housing, and Section 108 loans, and pushing them into the CDBG program will have the same effect. A forced combination as recommended by the President's plan essentially forces the elimination of these programs.

In addition, the Administration's push for home ownership does not necessarily meet the need of every community. Home ownership is not the best option for everyone. Frequently, low-income in-

dividuals and the elderly do not have adequate resources to maintain their homes. Blindly leading them down a path of home ownership can set them up for failure and exacerbate our property maintenance problems.

An even larger problem is the increased rate of mortgage foreclosures and predatory lending practices. Ohio has a terrible rate of defaults. In Licking County, the number of foreclosure filings increased by 549 percent between 1994 and 2004. That problem needs to be addressed instead of using CDBG bonus funding to increase home ownership opportunities. Sustainability of home ownership is far more important in Newark than inflating the numbers of new home buyers.

Again, Newark, not Washington or Columbus, develops our comprehensive multi-year plan. The strategy to identify local needs, prioritize them, and implement programs to achieve measured objectives and results is an important part of the CDBG system.

I would like to just mention a few of the important programs that Newark will—that will suffer in Newark if we incur the cuts. There is nothing to fill the gap for home rehabilitation for low and moderate income people if these funds are reduced. We help persons stay in their homes through our deferred loan—low interest loan program. Newark CDBG has helped the elderly and persons with disabilities to live in sanitary and safe housing. We just completed an emergency home repair for a blind couple, including roofing and electrical repairs. As a result of those repairs, they can maintain their independence and live in a safe environment. Without our intervention, this home would have deteriorated and eventually become uninhabitable.

Last year the city established a partnership with Mound Builders Guidance Center to develop a job tryout program for persons with disabilities. This alliance resulted in 18 people with disabilities gaining permanent employment. Without CDBG, the community would not have had the resources to implement such a creative endeavor.

Public services also play a key role in our CDBG program. For example, we have leveraged funding of CDBG with Issue Two dollars from the State of Ohio for several sanitary sewer projects. Approximately 450 homes now have sanitary sewer services that could not have been accomplished without this funding.

The ability to leverage funding cannot be overstated. Every dollar invested in CDBG has a multiple rate of return. Our local homeless prevention agency has obtained multi-million dollar grants because the City of Newark has provided CDBG dollars as local match.

CDBG has already incurred significant cuts over the past 3 years. The impact of those cuts have had—inflicts long term damage to communities nationwide. An additional cut as mentioned of about 27 percent would be devastating for Newark.

CDBG has a 30-year history of reaching out and delivering services to millions. CDBG has helped Newark assist members of the community who would have fallen through the cracks. CDBG is not a handout, it is a helping hand and I hope Congress and the Administration will not slap that hand, but continue to extend it to the people of Newark.

Thank you for the opportunity.

[The prepared statement of Mr. Calhoun can be found on page 76 of the appendix.]

Chairman NEY. Thank you. Thank you, Mr. Calhoun. Mr. Crow.

STATEMENT OF PATRICK L. CROW, INSPECTOR, COMMUNITY HOUSING IMPROVEMENT PROGRAM, CITY OF MOUNT VERNON AND KNOX COUNTY

Mr. CROW. Good morning, Mr. Chairman, and members of the committee. I thank you for the opportunity to testify this morning. My name is Pat Crow. I reside in Danville, Ohio, a small community of approximately 1,000 people, where I served as mayor for 12 years. I have been working in Knox County area community service and development positions for 20 years. My wife Sandy and I operate a family business. We are self-employed. The name of the company is Downtown Options and we provide management services on projects such as the Woodward Opera House, the Downtown Revitalization of Mount Vernon, and many local CHIP funded projects.

I am currently the housing inspector for the local Community Housing Improvement Program, also known as CHIP. And this is a Community Development Block Grant funded program.

In my spare time, I am the executive director of the Convention and Visitors Bureau for Knox County, a part-time job.

I would like to quickly summarize the areas for which I have had personal experience and the resulting impact of the history of the CDBG dollars spent in Knox County.

In downtown Mount Vernon, three major CDBG revitalization projects were implemented and completed including parking improvements, streetscape improvements, and over 60 downtown building rehab projects. In addition, many other projects were stimulated not using funds from CDBG, but I believe the result of, including our conference center and hotel that we currently have in our downtown.

The overall work utilized approximately $1 million in CDBG funds. This investment stimulated directly over $4 million in other public and private development dollars being spent. These efforts have also resulted in recent heavy investments by local developers committed to the long haul type efforts needed to assure the continued economic growth of the downtown well into the 21st Century.

The initiative that started the Woodward Opera House restoration had its beginnings within a community development block grant. Once the Woodward restoration is complete, it is projected that the programming and retail expansion will stimulate over an additional $1 million annually in increased economic benefit to the community.

As I served as the Mayor of Danville, I recognized that there are literally millions of dollars that have been invested over the years in the aging and decaying infrastructure throughout Knox County. More specifically, I have recently been the inspector and construction coordinator on over 60 individual CHIP projects in Knox County and in Mount Vernon. These programs are designed to assist needy property owners. Perhaps this defines the essence of the

CDBG program. This has been a most humbling experience for me. I often see folks in circumstances that cry out for relief. Some examples, I found a hole in one roof so large you could stand by the client's bed and see blue sky through the fallen down plaster ceiling and the gaping hole in the slate roof shingles. In several cases, we have found ourselves contracting to clean up lead-based paint contamination in homes where little children were potentially being poisoned by this harmful substance so plentiful in many old houses. We have, for just a few dollars, moved appliances to the upstairs of houses so that the elderly can continue to live at home and not be a burden to their family or to the government. We have replaced dangerous furnaces, leaking hot water heaters, and collapsing basement walls in homes with single mothers working full time to support their children. We have replaced and repaired countless roof leaks, fallen gutters, and installed toppers so the elderly would not have to climb ladders to remove the fallen leaves that plug the downspouts resulting in future severe home deterioration.

We have helped young couples buy their first home and made certain that the current building standards are met to assure the longevity of their stay. We have helped the handicapped build ramps, constructed fire exits to assure the safety of children living in upstairs apartments, and repaired plumbing and replaced floors to eliminate the health hazards from dangerous sewage soup holes in deteriorated basements.

We have replaced frayed electrical wiring and electrical boxes hot from overloads, to bring clients' homes up to safe living conditions. We have covered, contained, and re-sided a home recently that was shedding lead based paint particles all over a neighborhood full of children playing nearby. We installed a new furnace to assure winter heat for a couple where the young wife was going through the excruciating experience of chemotherapy treatments for her cancer.

I could go on, but if you want to know how important this CDBG program is, I would like for you to have a chance to go talk to these folks. Almost without exception, they are the most grateful group of Americans that I have ever known, thankful for these seemingly small and insignificant grants. I believe that we all have a responsibility to make a difference in these people's lives, in these kids' lives, in these grandmothers' lives, in the lives of the sick, the ailing, and the frail.

This important CDBG program has had a huge impact on those that are being served and it must continue. Mr. Chairman, members of this committee, please campaign for the continued support of the Community Development Block Grant Program at least at its currently funded levels. But more money is needed.

In addition, please do not allow the dilution of this program through the inclusion of unrelated programs that have previously have been funded otherwise.

I thank you for the opportunity to address you this day. Thank you.

[The prepared statement of Mr. Crow can be found on page 80 of the appendix.]

Chairman NEY. Mr. Glass.

STATEMENT OF DAVE GLASS, SAFETY-SERVICE DIRECTOR, CITY OF MOUNT VERNON, OHIO

Mr. GLASS. Good morning. I am Dave Glass, Safety Service Director for the City of Mount Vernon. And I am going to read a prepared statement from the Mayor who could not be here this morning.

Prior to that though, I would like to tell that I worked for the city for 27 years and been involved in these grants for that entire time, and they are extremely beneficial to all the residents of the community.

We are pleased to give testimony to the Subcommittee on Housing and Community Opportunity at the field hearing held here in Mount Vernon, Ohio.

We understand that the public hearing is entitled, "Strengthening Rural Ohio: A Review of the Community Block Grant Program." The City of Mount Vernon has received many grants since the CDBG program was created in 1974. The city has identified specific target areas in the city that have low to moderate income neighborhoods. We have offered home rehabilitation projects, home repair projects, home buyer assistance programs, and rental rehab programs. Along with these private sector programs we have used CDBG funds combined with city funds for the improvement of sidewalks, curbs and gutters, storm drainage, and public handicapped restrooms all located in these target areas. The CDBG program is a prime example of how private-public partnership can improve low and moderate income segments of the community. Citizens of all ages who are in compliance with the income guidelines can fix up their homes and have input on the general improvement of their neighborhood.

The City of Mount Vernon also participated in what Pat said before, the three downtown revitalization programs. Like most cities, both large and small, our central business district has been impacted by the strip malls being located on the perimeter of the cities. Mom and Pop businesses that we knew as we grew up disappeared because of their inability to compete with the large merchandisers. However, many of these small businesses were able to make the transition to meet the needs and demands of today's consumers. The downtown revitalization program allowed both the landowner and the tenant to fix up their store fronts, the interior, and, in some cases, the roofs of the downtown buildings. This enabled the entire central business district to take on a new look. It has energized the downtown area.

The private-public partnership was received with a great deal of enthusiasm in the central business district. In the last funded project, the City of Mount Vernon did a complete rehab of the streetscape, and new sidewalks, flowerbeds, street lighting, and storm drainage were all added to improve the downtown area. This would not have been possible without the Community Development Block Grant Program.

We have also been the recipient of the CDBG Competitive Grants. In the north end of our city, we were able to go in and improve storm drainage, and put in sidewalks that allowed residents from several apartment complexes catering to low and moderate income residents to walk more safely from their apartments to the

community swimming pool and playground and to the shopping areas. Prior to this construction project, the road they were located on was narrow and had a deep ditch making it necessary to jump into the ditch to avoid cars. The construction of the drainage and the new sidewalks and the crosswalks made it a much safer area for the children and adults to walk.

We have recently been awarded another competitive grant that will be used in the west side of our city to improve streets and gutters, storm water drainage, and improve handicapped access to Riverside Park. All of these projects have had a positive impact on our city for over 30 years. As you can see, a 27 percent decrease in funding, which we believe is only the beginning of a plan, will have a negative impact on our ability to rehabilitate these low to moderate income neighborhoods.

Over the years, I have talked with senior citizens living primarily on Social Security who were able to procure a new roof with the CDBG helping hand enabling them to live additional years in a safe, dry home. I have also talked to people who lived in substandard housing with faulty septic tanks, who were able to connect to the central sewage systems as part of the rehab program. I have talked to young and old people alike who lived in areas of the city that were built before storm sewers were the responsibility of the developers. After every rainstorm, the areas of their house, and driveways, and sidewalks if they had them, were all submerged for hours or even days until the water would evaporate. The storm sewers that we have been able to build with this program have dried out numerous areas of the community.

In conclusion, I believe the continuation of a fully funded Community Development Block Grant Program is necessary to maintain small businesses, assist seniors to stay in their homes longer, assist young people who have limited income to rehab older homes, to improve property values, and make roadways and sidewalks safer in target neighborhoods. Also, the improvement of handicap accessibility in the public parks and restrooms have all been a very positive impact on the City of Mount Vernon and the surrounding area.

[The prepared statement of Mr. Glass can be found on page 93 of the appendix.]

Chairman NEY. Thank you.

Ms. Schocken.

STATEMENT OF AMY W. SCHOCKEN, PARTNER, CDC OF OHIO, INC.

Ms. SCHOCKEN. I am Amy Schocken, and I want to thank you very much for the opportunity to speak today. I am a partner in a community development consulting firm that assists rural communities throughout Ohio with their CDBG programs. And in the 22 years that I have been in this business, I have seen an invaluable resource with the CDBG funds.

And I have been very fortunate to work with Knox County and Mount Vernon for several years. And to expand a bit on the programs that we have done in Mount Vernon and Knox County, Dave was just talking about the Taylor, Wooster, McGibney Road project. And that was a wonderful collaboration between Knox County,

Mount Vernon, and Clinton Township in identifying a great need of a neighborhood of over 730 people, of whom 93 percent were low to moderate income. There is a municipal swimming pool on one side of the neighborhood, an elementary school and ball parks on the other side. There were no sidewalks for the kids to get from one to the other, they had to walk either in the middle of the road with no room or on the berm of a State highway. And with the use of city, township, county, and CDBG funds as well as State Issue Two Funds, we were able to use $452,460 in CDBG funds which leveraged $357,920 in other funds to complete this project and now everyone has a safe place to walk.

Another project was the rehabilitation of the New Directions Domestic Abuse Shelter. They house over 75 people a year and they benefit approximately 500 people annually with their services. This building was in great need of rehabilitation and the county used $31,000 of their CDBG funds to leverage over $41,000 in county general funds, local mental health funds, and also local United Way funds to rehabilitate this place so that there is a safe place for these people to go in Knox County.

The City of Mount Vernon is currently undergoing major rehabilitation in their west end neighborhood. A total of $670,000 in CDBG funds are leveraging $746,000 in other funds to make vast improvements to this neighborhood. The neighborhood contains 2,747 people, of whom 63 percent are low to moderate income. Improvements underway include storm sewers, curb cuts, street paving, improvements to the neighborhood park, rehabilitation of an old train station into a community center, and home repairs for 14 low to moderate income homeowners. Also, Habitat is building one new home.

In addition, the village of Danville is undergoing a substantial improvement. This is a small rural village of about 1,100 people, of whom 58 percent are low to moderate income. In this village the county is utilizing over—almost $631,000 of CDBG funds to leverage $310,000 other funds to undertake 31 low to moderate income homeowner home repairs, Habitat is building two houses, storm sewers, fire protection and water line improvements.

And this is just a very short list of what has happened in the last few years in Knox County and Mount Vernon. And much of what they accomplished is due to competitive programs that the State offers. Unfortunately, they only can fund about ten community distress grants a year, which are $300,000 grants to do State-community revitalization projects. They also have a housing program that funds about 60 communities a year. And in order to undertake any of these programs, communities are required to do two planning studies. One is a community housing assessment, community housing improvement strategy which focuses on the housing needs of a community. And the other is a community assessment strategy that focuses on the infrastructure, public service, public facility needs. And those studies have to look at the community as a whole and target what areas of low income population have the most needs and put their money toward the most distressed areas.

And the other way that—with the housing programs in Ohio, they also, the State of Ohio has small communities access housing funds, through what they call the CHIP Program, which you have

heard. And that is a combination of CDBG Home Investment Partnership funds and Ohio Housing Trust funds. It enables communities to utilize the flexibility, and what all three of those programs have to offer in a comprehensive manner to address the individual needs of that community and it really builds on the flexibility that is needed. Each community, as you have heard, has completely different needs. Some may need a park improvement. Some may need economic development. Some have housing, almost all have housing needs. You can get sanitary sewer lines, where there is raw sewage running down the street. You can help a ball field. So, these are all greatly needed quality of life issues.

In addition to the competitive programs, the State of Ohio funds the CDBG program through the Small Cities Program. And since 2004, these funds have been cut over 14 percent. The proposed cuts will reduce it another 27 percent. The proposed formula changes would reduce the amount Ohio receives significantly more. In 2004, Ohio had 116 small cities that received a direct allocation of CDBG funds. In 2006, that number is down to 84. The proposed cuts would take that number down to 58; that is a 50 percent reduction in the number of small cities that would get direct allocation since 2004.

In Knox County and Mount Vernon, in 2004, they received direct allocations of $148,000, and $85,000, respectively. The proposed cuts would reduce these allocations to $95,000 and $54,000 which is a 36 percent decrease since 2004. These cuts would just be devastating to rural Ohio. These small communities have the smallest budgets, and the least opportunities to find other resources to fund the low income neighborhood community revitalization activities. And I seriously believe that any further cuts in this program would just basically eliminate any kind of targeted low income housing and low income revitalization in Ohio.

And I think if you really want to see the benefits of the program, you just need to take a walk in downtown Mount Vernon and see the revitalization needs or walk on McGibney Road and see where these kids used to have to walk, or talk to any of the social service providers and—or any of the individual homeowners that we have assisted. It is just a remarkable program and a vital role in the community development. Thank you.

[The prepared statement of Ms. Schocken can be found on page 117 of the appendix.]

Chairman NEY. Thank you.

Mr. Graves.

STATEMENT OF WILLIAM J. GRAVES, DEPUTY DIRECTOR OF DEVELOPMENT, CITY OF COLUMBUS

Mr. GRAVES. Thank you, Mr. Chairman for the opportunity to testify today; it is most appreciated. I am here on behalf of Michael Coleman, Mayor of the City of Columbus. Unfortunately he could not attend today and he sends his regrets.

My name is William Graves and I serve as the housing administrator for the City of Columbus. The City of Columbus is an entitlement community receiving Community Development Block Grant funds from HUD. I have worked with CDBG and other HUD funded programs since 1981.

CDBG has a proven track record for helping local government to address specific needs and focus on community issues as identified in the communities consolidated plan process. Of critical importance is that the CDBG program enables communities to identify and target these Federal resources to needs that are most critical to the community. The broad range of eligible activities within the CDBG program and the flexible approach of HUD in allowing communities to target these dollars enables recipients to use this program to maximize assistance to low income families. As such, CDBG continues to be an essential asset to help communities fight blight, improve neighborhoods, and focus on activities that benefit low income individuals and pockets of poverty.

The Administration's current budget proposal will drastically reduce CDBG, and to give bonuses to communities that succeeded, would leave thousands of communities unable to address the basic needs of low and moderate income people. Essentially the Administration is proposing to strip $1 billion out of the program by proposing the lowest level of funding for CDBG since 1990. The proposed reduction in CDBG is further evidence of the Administration's reverse Robin Hood approach to budget making. The CDBG program was already reduced by 15 percent over the past 3 years and the President's budget proposal would further cut the program by another 25 percent. Again, further evidence of the President's mission to reduce all funding for low income Americans. This reverse Robin Hood approach comes at a time when the needs of urban America is at a critical juncture requires increased funding not funding reductions. As such, I urge anyone interested in community development as a means to assist low income households and preserve neighborhoods to advocate for at least $4.5 billion in formula funding for CDBG in fiscal year 2007. The President's budget calls for $2.7 billion for formula grants for cities and States. This is reduced from $3.7 billion in Federal fiscal year 2006. Certainly the City of Columbus, as does a broad coalition of community development advocates—and I attached that coalition to the written testimony—sees these cuts as evidence that the Administration is abandoning its commitment to America's communities in the guise of reform. The coalition members also expressed concerns, as mentioned above, that the 25 percent reduction would pose serious threats to communities' abilities to provide important services and economic recovery for low income citizens.

For the City of Columbus, this continual erosion is extremely critical and is evidenced by the sharp reductions during the past several years. In 2003, the City received $8.7 million. In 2006, the allocation was only $6.6 million, a reduction of 24 percent during this period. Another interesting point is that the administrative oversight requirements for the CDBG and other HUD funded programs continues to go up while funding goes down. Such a situation not only creates frustration for grantees but also erodes the ability of recipients to undertake projects as more and more time is spent handling administrative and reporting requirements while funding for projects to benefit low income housing is reduced.

The City of Columbus targets its block grant resources in order to focus investment and create impact. Certainly, given the small amount of CDBG dollars received this is the best method for an en-

titlement recipient such as Columbus. Typically, the city selects six neighborhood pride areas each year and these locations serve as the target zones for housing rehab and other activities that benefit low income households. The city also selected 11 neighborhood commercial revitalization districts to focus block grant economic development activities. In addition, the city creates or uses a CDBG service area to determine, based on demographics and housing standards, which is then used to focus code enforcement and other initiatives to improve the quality of life for the residents.

Outcomes for a portion of the housing related activities benefitting low income households, are as follows:

In 2003, the city was able to assist 131 low income households through housing rehabilitation activities to provide decent, safe, and sanitary housing; 143 low income elderly households received minor home repair, preserving the housing quality and enabling those homeowners to remain in their homes; 28 disabled individuals were provided with accessibility modifications; 583 low income households received emergency repair assistance to correct substandard conditions protecting their health and safety, and again, allowing these low income citizens to remain in their houses.

In 2004, 78 low income households received housing rehabilitation assistance; 172 low income elderly households received home repair; 12 disabled individuals were provided with accessibility modifications; and 553 low income homeowners received emergency repair assistance. Again, to correct unsafe, substandard conditions and protecting the health and safety of those individuals.

In 2005, 55 low income households received housing rehabilitation; 247 low income elderly households received minor home repair assistance; we had 22 disabled individuals receiving home accessibility modifications and 53 deaf individuals received assistance to enable them to live independently; and 583 households received emergency repair assistance.

As demonstrated above, these reductions in funding are impacting the city's ability to provide housing rehab assistance. There are continually more and more households denied assistance due to a lack of CDBG dollars. Such a situation is extremely frustrating, creating a tenuous situation. As housing stock deteriorates, low income households must make dire choices on where to spend limited resources—fix the house, pay the medical bills, pay utility bills, or eat.

The City of Columbus urges Congress to not reduce this much needed program and strongly requests that funding for Federal fiscal year 2007 for CDBG should be $4.5 billion.

Thank you for the opportunity to testify, Mr. Chairman.

[The prepared statement of Mr. Graves can be found on page 97 of the appendix.]

Chairman NEY. Thank you very much.

Starting with Mr. Calhoun, I think you raised some interesting issues, today we have talked about CDBG in a lot of different ways, which is the way the program is supposed to work. You focused a lot on housing and, you know, there is an attempt to, of course, get as many people into housing as possible in the country. It used to be about 68 percent of Americans had a house, now it is about 72 percent. The minority rate is still low. It is about 50 percent or

less, which is unacceptable. So there is a lot of effort to help anyone with housing, but also to focus on helping minorities to be able to acquire housing. You raise a different picture too about the predatory lending, which is interesting. Senator Padgett has passed a bill and we have a bill—I have a bill with Paul Kanjorski and also we are proud to have a lot of significant and important members of the Black Caucus Democrats on that bill. So, I think it is a good beginning point. There is going to be another hearing or a markup coming up this week with Spencer Bachus on predatory lending.

So, the goal is to have some standards across the country where they do not exist in a lot of States, but North Carolina seems to be something that everybody is looking at. So you bring in another aspect to it too of trying to stop flipping, to have counseling and the government can put money in programs, but you have got to have counseling and education on the issues so the people know to the best of their ability what they are signing. I just thought you brought an interesting component that, you know, people would think, well, here is CDBG and here is the funding. But there is other aspects the community has to watch. I just thought that was—

Mr. CALHOUN. Well, we are in the process of putting together with our local housing coalition group a counseling program that ties the people that we serve into resources for mentoring and a financial literacy program. And I think it is important that we are able to use what we are doing in the housing rehab and tie that to some counseling services and CDBG allows the flexibility to bring those resources together. They received an AmeriCorp Grant to provide the financial literacy program, we can tie into that with the CDBG program. And we have families all the time in foreclosure and it is a major concern I think, statewide, to address the foreclosure rate and predatory lending practices.

Chairman NEY. Are communities also active with brownfields elimination and do you have any thoughts on brownfields in the smaller community when we look at it?

Mr. CALHOUN. We were very close to obtaining a brownfield grant. The project basically got stalled, but it is an important program and providing the redevelopment of that kind of area and bringing in jobs makes the rest of the efforts that we do worthwhile. It helps solve the problem. Jobs in the community are a basic function. If we cannot do that, then the housing problems, the other problems just multiply. So I think it is an important program to preserve. Putting it into CDBG just dissolves and dilutes the program. It does not provide the same benefit.

Chairman NEY. There is an effort to change the CDBG formula, which now recognizes older housing stock. Do you have any views about the need to change that?

Mr. CALHOUN. I think changing the formula needs to be done carefully and within the context of the current CDBG program. We should identify the most important needs and recognize differences in communities to do some targeting. But I would be very concerned about that formula penalizing smaller communities and putting all the money into the major metropolitan areas. If that formula—and we have seen that in some other cases where the number of problems outweighs the percentage of concentration of prob-

lems and we lose funding as a result of that. But I think equalization and a review of the funding formula may need to be done, but it needs to be done carefully.

Chairman NEY. The other aspect you raise, again, you know, it is important to get people into homes, we have the American Dream down payment that we passed, overwhelming vote on that to help with up to $5,000. Something else the House has done and we worked with Congressman Barney Frank, Congresswoman Maxine Waters, Chairman Oxley who chairs the committee, and myself and others, passed—I am trying to remember what—we passed the Affordable Housing Fund and GSC reform, Fannie Mae and Freddie Mac had to have a reform and we put into their fund. And we took, I think it was up to 5 percent of Fannie Mae and Freddie Mac's profit and put it into a fund that would help the poorest of the poor and some of that, there was also some amendments about some, you know, Katrina-related issues or if you had a catastrophic event. But the bottom line is we put that in there. And one of the reasons we did that is not everybody will have the availability to own a house. And so therefore, I think the housing fund that we created, which I hope the Senate will act on, we passed it in the House, is a wonderful thing to help, again, the poorest of the poor. Section 8 is something that we look at all the time, because our subcommittee is the authorizer for HUD so we oversee HUD and the language part of it. We always look at Section 8 and the housing authorities.

I just think that you raised a good point, you know, with CDBG and what you can utilize. Then the other types of housing you utilized. And Habitat for Humanity was mentioned here earlier. It is not a one-size-fits-all for the community and the more we can recognize that you have to help people who have different needs is good. So folks—home ownership is an absolute must. But there are other ways that you help people with their living conditions that may not be able to own a home. This is, I think, an important thing for CDBG.

Mr. CALHOUN. We have both programs in existence in our program, assisting our program. Assisting in home ownership and a down payment assistance program. But it needs to fit within the strategy that we are trying to implement. If you change the funding formula to provide bonus funding for that kind of thing, you may disrupt the balance of that strategy and overemphasize a need that may not fit in the community as well.

Chairman NEY. Thank you. Mr. Crow, you mentioned when you were the Mayor of Danville, you witnessed firsthand the neediest residents, is there any other message that we should give Washington on their desire to change CDBG. Things that maybe they want to do, that you may not be happy with? Or are there other things maybe that should be done within the program?

Mr. CROW. Well, I believe, and I cannot speak for the village, I am no longer the Mayor, but I am still a resident and familiar with what is going on. I would echo what we have heard from several here; the distress that is in the smaller communities is because of loss of business, because of the socio-economic changes that happen in America where business flees the little towns and moves to the larger communities. And the need to improve the sewer and water

and keep them up to date with the changing EPA regulations that are Federal mandates is impossible without the CDBG funding. It is just—well, what we will see is communities like the village going into violations with the EPA because they do not have the money and funding. The answer sometimes we get from—no disrespect—but from bureaucrats and the EPA is just raise your rates. Well, when water rates and sewer rates in the village of Danville climb to $100 to $200 a month for a family of three, we are reaching beyond the ability of these people to pay the bills. So, the termination of CDBG funding for those kinds of activities would be devastating to the communities like the village of Danville, both water, sewer, and infrastructure improvement projects.

We need to be focusing not only on just infrastructure, we have heard a lot about that today, but you mentioned earmarks earlier, and I have a great concern about only focusing on helping people—I think Commissioner Stockberger mentioned giving them fish versus teaching them how to fish. We need to focus on asset creation kind of investments and you have helped us with the Woodward Opera House project, a prime example of a community development project, which is not just a quality of life issue with respect to performing arts, but also an investment in the downtown district where there is a commercial element to it that would create jobs, it will keep jobs downtown, and spawn other development in the central business district. So, there are many aspects to CDBG that are really subtle and hidden that are benefits to the community.

Chairman NEY. Thank you. You never offend me if you complain about overzealous bureaucrats.

[Laughter]

Chairman NEY. Mr. Glass, do you want to elaborate on the CDBG money, because you have mentioned a lot of different projects where it was utilized when you had a public-private partnership development as a result of the project.

Mr. GLASS. Well, I mean I can just echo what we have done in Mount Vernon, for the last, like I said, I have worked here for 27 years in the engineering department before I took this position. And I have been involved in these block grants the entire time. And we have just done tremendous amounts of beneficial things for the neighborhood, the storm sewers especially, when we put the storm sewers into different neighborhoods to resolve these water problems. I do not get involved in the day-to-day housing rehab, those kind of things.

I would like to change my hat a little bit. I am on the village council in Fredericktown and I would echo the past sentiment. We have a $6 million sewer improvement coming up, a sewer plan improvement coming up there that there is just no way that we will ever be able to afford it.

Chairman NEY. We have communities all over this district—

Mr. GLASS. Oh, I understand.

Chairman NEY. —been working with them for years and we will try to comply and EPA will come in and, you know, basically maybe sometimes obviously say drinking water would not meet a certain standard so then they are going to put the people to the point where they do not have water. So, there has to be a sound science and a balance there. Or in a community that is so impover-

ished where it simply is not going to be able to get the money, there has to be a way, you know, and we try to do that, work with communities to help out to alleviate the—

Mr. GLASS. It is a very difficult situation, for the real small communities.

Chairman NEY. Ms. Schocken, you mentioned about the low income, well, low and moderate income benefits of CDBG. Is there anything that you would like to elaborate on—on the low income?

Ms. SCHOCKEN. Well, one of things that I know President Bush is pushing for is targeting of funds and maybe targeting to the lowest of income. And these programs, you know, most neighborhoods, if you target a neighborhood in Knox County, you are not going to find the whole neighborhood is 35 percent or less of county median income. There is going to be a mix there and as we talked about the McGibney Road project, that area is 93 percent low to moderate income. And there are a lot of apartment complexes that are Section 8 subsidized that are very low. But there are also homeowners in that area, too. And they are also more moderate but still in the low to moderate income range. And I think that if you get rid of the moderate income element of the CDBG beneficiaries, you are going to get away from the home ownership activities. Those are the people who can afford to purchase a home.

You are going to get away from benefitting a village that overall is low income, yet it is not very, very low income. And so the vast majority of the needs in our State are in, you know, there are things that help the very low income like tenant rental assistance program, Habitat for Humanity, which tend to be within the CDBG umbrella but not directly CDBG funds, they're part of, as I spoke earlier with the housing programs that we can fund with, Ohio Housing Trust Fund dollars and Home Investment Partnership Funds as well as CDBG.

So I think that, you know it's very important, with the flexibility and with actually meeting targeted needs to be able to keep the low to moderate income and not just focus on the very low income.

Chairman NEY. That is a point—Clint had made some notes, we make notes to each other, there was a question that he wanted to ask, which I think is very pertinent, as the President wants to change this saying that CDBG funds or the White House is insinuating or saying that basically they are used for higher level or maybe not the lowest of the low and they want to change that. But in order to change that and I hear that you are already doing projects for the neediest. So that change may revert that money from 200 different cities as I understand it, when you are already trying to target the neediest. What you are saying is that is not necessarily a good move?

Ms. SCHOCKEN. Right.

Chairman NEY. It sounds good, when they take the money and move it to the neediest, but when there is already service being done to the neediest and that move will affect the general program.

Ms. SCHOCKEN. Right, and what we talked—I mentioned that in Ohio, which I think is a little different than maybe some communities, they are really stressing that communities do planning. And they have to put together five-year comprehensive housing and infrastructure plans that do result in targeting the most distressed

areas and the populations with the most needs. Be it housing for MRDD people or work with Habitat or doing a major sanitary sewer project in a village. So, you have to—they are requiring communities to really examine and target their funds to the most distressed areas. So, I think that is being done in Ohio already.

Chairman NEY. Before we move on with the other question, I have, just for the record. Naomi Mattingly Compton, Alexandria Village Council has a statement for the record. Clifford Mason, Mayor of the Village of Hebron, who sends his regrets—he could not be here— has a statement for the record. Evelyn Moore Cummings, Marion County Regional Planning Commission, has a statement for the record. And Dale Harris, Director of the Ohio Regional Development Corporation has a statement for the record. So, without objection, the statements will be entered into the record.

And also, I wanted to note that the written statements of all of the second panel and the first panel, will be made part of the record. And also that the record will be left open, without objection, for people to ask additional questions of you, or additional material be entered by Members of Congress who are not here today. Without objection, we will leave the record open. Just a piece of business.

Mr. Graves, in your previous position you were involved and director of the State CDBG program and now that you are out of that position, do you have any reflections about the Small Cities Program?

Mr. GRAVES. Mr. Chairman, regarding that program, the one thing the State does is use the money extremely wisely and I think Ms. Schocken talked about that, the reduction in the direct assistance provided. The formula program and also CHIP, there are a number of other programs, community distress, and water and sewer that is used out of the State's CDBG program that I believe if, it is just my opinion looking back it drives a lot of development in those small rural communities to link with public works money, USDA money, other resources for infrastructure, water and sewer that but for the State's CDBG money would not happen. It would be a continual standoff between EPA and these small communities to meet the water requirements, it is critical. And then coupled with the CHIP, it continues to erode the ability of small communities to survive, quite frankly. That is not my hat now, but, that is looking back as you said, Mr. Chairman. That is kind of what I am seeing.

Chairman NEY. Do you want to elaborate any of—I have dealt with a lot of issues and worked with Mayor Coleman as we do our district and mayors from across the State, any reflections on some of the housing, the importance of the housing aspects of the CDBG?

Mr. GRAVES. Simply that, Mr. Chairman, that the CDBG—the prime issue is the flexibility and the ability of communities to target those resources. Whether in small areas where there is infrastructure needs or a city like Columbus where we have adequate infrastructure dollars but we really need to target resources to preserve housing stock and help low income. The HOME money does a lot of the housing development activities and the home buyer assistance activities to buy a home. Without CDBG we could not preserve the existing housing stock, which is critical in neighborhood

development. It lets the current units, when folks are, especially the elderly, they cannot maintain their properties. We can go in with small amount of money from block grants and stabilize that structure and enable them to stay in their home. And we do that in a targeted way. And I think that is extremely critical for a block grant. I will, as a side note, indicate that we do also with our block grant money pay three agencies to do home buyer education. We train them to educate the individual in foreclosure prevention and then we use the HOME money, the America Dream down payment initiative to actually assist them in buying that house.

Last year, the ADDI program was cut like 50 percent. So, I am not certain why that happened, but I am more sure what is happening in 2007. But certainly home ownership and that whole initiative and I appreciate what Mr. Calhoun said, because we do a lot of other activities besides homeowner. But certainly that is an extremely important component.

Chairman NEY. Just a question for curiosity, we also had the first, this subcommittee with Congresswoman Maxine Waters and the staff and the members went down to New Orleans, and Gulfport, Mississippi. We actually had the first hearing of the U.S. House, official hearing, down there and it was a pretty intense 2 days—11 hours total between the 2 days. We had about 9 or 10 members who were down there. And so we looked at the whole issue with Hurricane Katrina. How has it been about Section 8, maybe you don't know about this situation, but I assume maybe you would. Section 8 and people who have come from the Gulf, from New Orleans, up into Columbus, have you dealt with that?

Mr. GRAVES. Mr. Chairman, yes, we have an agency called Southside Settlement that does a lot of the work with the Katrina victims and also the housing finance—the housing finance agency set up a strategy statewide, targeting resources, keeping database referrals. The situation with Section 8, as you said, Columbus Metropolitan Housing Authority is doing what we can to help them move through the system. I am not sure of the numbers that have come in. It certainly gets dicey as far as the waiting list and what have you. I mean, right now there are 9,000 individuals on the waiting list for Section 8 vouchers in the City of Columbus. So, while we are moving and assisting in that and actually landlords and apartment owners are helping too, the ability to get vouchers is not as strong as one would like. But it is moving through and they are doing the best that they can.

Chairman NEY. Has there been—were you able to get the emergency vouchers to follow the residents from the Gulf?

Mr. GRAVES. Mr. Chairman, I do not know that. I would have to ask Dennis Guest from CMHA, but I do not know off the top of my head.

Chairman NEY. I am just curious, we met with the housing authorities from here in Ohio, last week in Washington and we just continue to look at that issue, because it affects the community here. We passed emergency vouchers and supported them. I do have a concern and then there was FEMA money, which we did take some of that money and we put it in to what, Hope VI, several different programs, because we felt it needed to be directed versus FEMA having a free hand to just spend it at certain places. But

I think that the Section 8, we need to watch that because, that should be paid out of emergency monies and that is to locate people. Personally, I think people ought have an option. I do not think you give an option when you say, why do not you know go to a different city across the United States and then that is your option. Because for example, in Mississippi there are 30,000 trailers with electric and people were able to stay home. It would be like something catastrophic happened in Knox County, and they said, your option is to go to Seattle, Washington, or New York City, but options to go to Holmes County is not one. You know, obviously you know what you would try to choose.

But I mention the Section 8 and for the communities, because I do think that as these emergency vouchers are created, which they have to be to help these people that are scattered across the United States to have their housing until they hopefully can back home, we have to watch that at the end of the day FEMA—or I mean HUD—is not instructed to then take it out of the hide of the existing Section 8, which would mean, well, we do not have enough money to continue these emergency vouchers so guess what, we are going to take it out of Section 8, which would impact, you know, communities on housing. And that is something that I want you to know we are cognizant of and trying to deal with.

Ms. SCHOCKEN. Just for the record, Knox County has used some of their CHIP tenant based rental systems Section 8 voucher programs for one displaced family from Katrina.

Chairman NEY. Oh, they have.

Ms. SCHOCKEN. Yes.

Chairman NEY. Let me just say that I really appreciate—do you have any questions?

Mr. RILEY. No, thank you for having us today. I have enjoyed it and the ranking members, of course, look forward to working with Mr. Ney and keeping the CDBG funding at least at last year's levels or higher.

Chairman NEY. You know you may hear that the—that the Democrats and Republicans are ripping each other apart every single hour. And there are disputes, and disputes within parties, but we have, I think, with Chairman Oxley, the Republican from Ohio who chairs the committee, Barney Frank from Massachusetts, the ranking member of the Full Committee, myself, and Maxine Waters, our subcommittee ranking member, actually been able to work together to come to a lot of agreements. So, I think we all sang the same tune to try to protect the communities.

And that is the other thing, we have to balance, I understand that we have a deficit. But if you look into the budget presented to us now by the Administration and then the House has to do something and the Senate. But if you look at that particular budget, you will see increases in some areas of $100 million or $1 billion, but yet you will see decreases in the CDBG of 25 percent so that does not seem to be a fair way to balance, to take it out and to one aspect.

I want to thank you again for all of your time and your testimony is helpful. The committee is adjourned, thank you.

[Whereupon at 9:50 a.m., the subcommittee was adjourned.]

STRENGTHENING RURAL OHIO: A REVIEW OF COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAMS

Friday, March 24, 2006

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING AND
COMMUNITY OPPORTUNITY,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 2:00 p.m., in the Guernsey County Commission Conference Room, 627 Wheeling Avenue, Cambridge, Ohio, Hon. Bob Ney [chairman of the subcommittee] presiding.

Present: Representative Ney.

Chairman NEY. Okay, the subcommittee will come to order. I want to thank—we have a wonderful turn out. I see a lot of faces in the crowd from different areas.

We have two panels and I want to welcome everybody to Cambridge. We just left Knox County this morning with a hearing. I want to thank Commissioner Tom Laughman and the Guernsey County Commissioners, all of them, for allowing this subcommittee to use this public hearing room here for today's, I think, very important discussions. Probably more important than in past years about the Community Development Block Grant Program.

The Community Development Block Grant Program—most of you would know what it is—but there are some people I am sure, here in the room, and in the public, who may not be completely familiar with it. But it is administered by the Department of Housing and Urban Development, HUD. It is the Federal Government's largest and most widely available source of financial assistance to support State and local government directed neighborhood revitalization, housing programs, rehab, economic development activities, and the formula-based grants which are allocated to more than 1,100 entitlement communities (metropolitan cities with populations of 50,000 or more, and urban counties). The 50 States, Puerto Rico, and the insular areas of American Samoa, Guam, the Virgin Islands, and the Northern Mariana Islands are also included. Grants are used to implement plans intended to address local housing, neighborhood revitalization, public services, and infrastructure needs as determined by local officials with citizen input. I think that is an important point too. These monies come from Washington, but they are arriving at the local level, and you have a lot of input. It is a better way than the one-size-fits-all of Washington telling you what to do.

The results and benefits of the CDBG funding can be seen throughout this district. Right here in Guernsey County, the City of Byesville has used CDBG. Mayor Gadd of Byesville uses it to create new jobs, create economic growth, and maintain the safety of the community. Mayor Gadd of Byesville will discuss, I am sure, in his testimony, how CDBG purchased fire trucks and emergency

vehicles, an expense that small towns and villages cannot afford on their own. Mayor Salupo, of course, is here and discusses in his testimony how Cambridge used a $400,000 grant to revitalize and renovate their downtown. Today, this downtown area is the center of bustling economic activity and a great place for residents.

We have the County Commissioner from Muskingum County and the mayor. Tuscarawas County, of course everybody has worked with these funds to better ways of life in their counties.

Now, in the President's budget for 2007, it raises some interesting and serious questions about what role community development should play in helping local and State governments to provide safe and affordable housing to its constituents. In addition to recommending a new formula change for CDBG, which the President's budget does, that change focuses on more of the neediest communities. The Administration recommended a funding level in fiscal year 2007 that is 27 percent below last year's enacted levels. The struggle last year was this program going to the United States Department of Commerce, and the House and Senate stopped that, but there was still a 10 percent cut. So this year, the issue is not as much the program going to Commerce, but it is trying to save the money. So, the 10 percent cuts there, if you add the 25 percent, that is a 35 percent cut over a 2-year period of time, if this cut was successful.

HUD's Community Development and Housing Program has built home ownership, supported neighborhood revitalization, and also increases access to affordable housing. These activities not only help individual communities, but they also strengthen our Nation's economy as a whole. Last year, over a billion dollars of Community Development Block Grant funds were used for housing, resulting in homeowners receiving assistance to rehabilitate their homes, families becoming first time home buyers, and rental housing units being rehabilitated. In addition to housing, CDBG serves as a valuable tool for infrastructure enhancement, job creation, economic development, and public service projects. Without adequate funding from CDBG, critical improvements such as new storm sewers, road widening, and job development programs simply would not have taken place.

So our goal, and I am chairman of the Housing Subcommittee, is to make certain that the Department of Housing and Urban Development, known as HUD of course, remains focused on housing and community development and that it has the tools necessary to provide safe, decent, economically viable communities. But with such a significant decrease in these funding levels, I question whether the Department will be able to meet the goal that the Congress has actually laid out for it.

Let me just say that this is an official hearing of the House. It will be recorded and transcribed, and taken back to Washington, as the Knox County hearing was. So everything will be on the record, and of course, distributed to members. We have another hearing; the fourth hearing that we are going to have is in Los Angeles. The ranking member of our subcommittee is Maxine Waters, and she has asked for a hearing in Los Angeles. We are going to go there. I would venture to say that Los Angeles is going to equal, no mat-

ter that it is a size larger than us, exactly what you say. So we are going to drum up support that way.

So, the hearing is important, it allows us to go back to D.C., and say; this is what people think.

With us today, we have Clinton Jones, our counsel; he is on the majority side, so he is a Republican. We did not sit him to the right because of that. And we did not sit our good friend, Jeff Riley, who is with the minority, Democrat side, and he works for Congressman Barney Frank of Massachusetts, who is our ranking member. And Congressman Mike Oxley of Ohio is our chairman. And I do assure you, as I said earlier, you might see how we all battle each other, but actually we do work together. This committee might have some differences, but Barney Frank, Maxine Waters, Mike Oxley, and myself, as well as the Members on both sides of the aisle have done some productive things for housing. And so, you know, you might see disagreements, but once in awhile, we do work together, believe it or not.

So I am happy to have the staff. They are an important element. Cindy Chetti is also here, from Washington, D.C. So I took them and got them a good local meal and they are very happy. And with that, Jeff, do you want to make any comments?

Mr. RILEY. No. Thank you for having us today. Greetings from Mr. Frank and Ms. Waters.

Chairman NEY. Also, for the record we have a joint petition from the Coshocton County Commission, by the county commissioners. And Dana Schrock, Kathy Thompson, Rick Dougherty, and Douglas Davis, the county engineer from Muskingum County, also have statements. Without objection, we will enter them as a part of the record.

And if there are any other statements for the record that you have, also from people in the audience, we will be glad to accept those.

Panel one, we have the Honorable Don Gadd, Mayor, Village of Byesville; and on the panel too, the Honorable Tom Laughman, president, Guernsey County Commissioners; the Honorable Kerry Metzger, president, Tuscarawas County Commissioners; the Honorable Dorothy Montgomery, president, Muskingum County Commissioners; the Honorable Samuel A. Salupo, Mayor, City of Cambridge; and the Honorable Howard Zwelling, Mayor, City of Zanesville.

And welcome to all of you and we will start—and the way the House rules run, basically you have 5 minutes, everybody gets 5 minutes, then we have questions and other comments that you might have. And then for the audience, the way the House rules operate, we do not show signs of clapping or booing, even though you might want to. Just a protocol that we use in the House. It does not offend me too much if you do a little bit, but, you know, not too much. With that we will start with Mayor Gadd.

STATEMENT OF THE HONORABLE DONALD GADD, MAYOR, VILLAGE OF BYESVILLE, OHIO

Mr. GADD. Mr. Chairman, gentlemen. Thank you for the opportunity to address this hearing today. As I know your schedule is

busy and we all have pressing issues, I will keep my comments as succinct as possible.

As with the proposed budget cuts in the Local Government Fund by the State a couple of years ago, no issue will probably impact local governments more than the CDBG cuts in the Administration's current budget proposal.

At that time, local officials from all over Ohio convened at the statehouse to impress upon our legislators the absolute importance of Local Government Funds and informed them that the lack of same would have a significant impact on our grassroots government here in Ohio. Because, here in the heartland, at the local level, we work hard to get a dollar's worth of progress for a dollar's worth of grant money. With community support, we get much more than that dollar.

Additionally, I lobbied hard for the passage and approval by the voters of the State of Issue I, formerly called Issue II, as it is at the core of Ohio's ability to rebuild roads and bridges needed to compete with today's modal industry. Ohioans recognized its importance and passed this issue overwhelmingly.

As you know, I have been the mayor of a small village here in southeastern Ohio for several years. During those years, we have seen a significant renewal of job opportunities and replacement of a blighted downtown due, in part, to the securing of CDBG grants.

Currently, we are working on tier grants for an additional $400,000; that, along with the engineering and architectural design will redevelop our downtown into a stop along the Nation's tourism highway. A local initiative creating a 501C3 corp will provide a tourist train with historic renditions of our coal mining heritage and eventually end up at the Wilds, the largest game preserve of its type in North America. These grants will be the catalyst to get the owner operators to buy into our economic future. Job creation at the local level is grassroots America and this buy in is not possible, in most cases, without a grant incentive.

Over the next 18 months, the village will be involved in securing grants for a new wastewater plant, working with the Ohio Department of Development and others to secure grants, including CDBG, for approximately $27- to $30 million worth of industrial and commercial expansion in my town of 3,000 people. The job opportunities and expanded local economy alone will more than pay for the initial monies put forward by these projects.

As I have traveled much of rural Ohio, being in the energy business, let me assure you that each and every small town, township, and county has something to point to that was initiated, supplemented, or completed because of the Community Development Block Grants. From fire trucks, to infrastructure, to enhancement projects these competitive funds have been a source of creating a better America that would not have otherwise been possible. To take this away would end rural Ohioans' dreams of making a better place to live and work.

On another note, being one, much like yourself, with deep roots in this area, I am involved in other activities that are sometimes off the scope of my being mayor, and sometimes within my jurisdiction, so I can help out. I am speaking of the local Habitat for Humanity, of which I have been the president these last 3 years, and

the Community Housing Improvement Program, both of which have created dramatic improvements in the community and for the individuals benefitting therefrom.

I am well aware of the chairman's help in securing funding from the House for the one new house Habitat built in Byesville, as I was the one who got the land donated for it. The recipient of that home now sits on our local Habitat Board and is involved in getting others the home that they could only dream about a few short years ago.

Since then, the local chapter has solved most of its funding issues over the last several years. We have received CDBG grants for $50,000 each year that go to build not one, but two homes each year, each home bringing pride of ownership and the American dream to those who did not even envision it for themselves or their family. One such case is a local man whom I have asked to share a story.

This man is the "American Dream" and his story is the essence of all we do and what we believe in as public servants and people responsible and caring about those around us. For you see, when he first applied to Habitat, he lived in a very small and old, two bedroom home on a relative's acreage. He was a divorced father of five, including one with physical handicaps, with some learning disabilities of his own. He had held down the same job for 20-plus years, but couldn't afford to believe his life would change.

On the initial visit to this home, we found the wringer washer on the back porch, the windows all caulked shut as best as possible, the vents missing in the floor because the trailer was too old to find replacements, and the floor moved up and down as we walked through it.

However, on that initial visit, and subsequent visits, the home was always neat and clean down to the kid's mementos and play things pinned or shelved on the walls. As the place was too small to store their individual things, each child had space on the wall for his or her things.

Today, that man and his children live in a split level, six bedroom home that they put more than their required sweat equity into. Their home cost was $39,000. $25,000 by CDBG grant, and the rest through local contributions and help.

They participate in our other projects, and he was extremely proud to tell me that he has found a new job that pays more and provides better for his family. His outlook on life is much brighter now, and he, like the others, has hope for himself and his children's future.

Mr. Chairman, this would not have happened without CDBG grants. Nor would have home ownership happened for others without the CHIP program, nor would have local enhancement projects solely or partially funded by CDBG. As with the Local Government Funds, grassroot local government gets much more done with a buck than just spending it. We create jobs, households, social wellbeing, and improvements in the communities in which we live. I urge you and your fellow Congressmen to keep the CDBG intact, as it adds to our great country at its very roots and simply put, from a small town mayor, that's where America starts and that's what government is all about.

Thank you for the pleasure of addressing you.

[The prepared statement of Mayor Gadd can be found on page 169 of the appendix.]

Chairman NEY. Thank you, Mayor.

Commissioner.

STATEMENT OF THE HONORABLE THOMAS J. LAUGHMAN, PRESIDENT, GUERNSEY COUNTY COMMISSIONERS

Mr. LAUGHMAN. Thank you, Congressman Ney. Before I begin, I just want to welcome, on behalf of Guernsey County, you and your staff, and the other guests that we have here today. I would also like to say that we, as a county, are very, very appreciative for everything that you are doing for us here in Guernsey County, especially in the area of the water line improvements that you have given us. That certainly is not forgotten.

Community Development Block Grants are, and have been, very crucial for Guernsey County in the 19 townships and 10 villages of which we are comprised. Since the year 2000, block grants have provided $354,000 in street paving projects for local governments within Guernsey County. Since the year 2000, block grants have provided over $132,000 in much needed fire protection for the volunteer fire departments located within our county. Since the year 2000, block grants have provided $42,000 for recreational facilities in the various parks within our county. I have attached an itemized breakdown of this as part of my testimony.

Since 1999, block grant funds have provided over $375,000 in emergency home repairs in Guernsey County, excluding the City of Cambridge, which would not have been possible without these very vital dollars.

Under the cuts proposed for Community Development Block Grants in the year 2007, Guernsey County will receive $110,000. Were that to happen, using the figures from the 2005 projects, the village of Quaker City would not receive the needed funds for a new fire engine used in the protection of life and property. Again, using these same figures, the villages of Old Washington and Valley Township would not see much needed street paving for the benefit of the residents residing there as well as for the traveling public.

All local government funds are dwindling. Expenses are on a constant rise while at the same time revenues are at a standstill, if not decreasing.

Several years ago revenue sharing was the answer for local governments. That was eliminated and replaced with Community Development Block Grants. Now is not the time to remove or replace this most important program.

This is rather the time, under the current budgetary climate, to not only increase block grant funding, but also to change the rules in order that townships may use these funds for much needed CHIP and SEAL projects for their township roads. This action would not only continue to improve our proud quality of life here in Guernsey County, but at the same time provide for a base for future paving projects within our townships. As you know the current block grant program must have a life of at least 7 years, CHIP

and SEAL simply does not do that. It just does not go that long, but it would be a real savings to our township.

We ask that this program not be altered to a lesser degree, but rather to a much higher and much better standard.

Thank you.

[The prepared statement of Mr. Laughman can be found on page 179 of the appendix.]

Chairman NEY. Thank you, Commissioner.

Commissioner Metzger.

STATEMENT OF THE HONORABLE KERRY METZGER, PRESIDENT, TUSCARAWAS COUNTY COMMISSIONERS

Mr. METZGER. Thank you, Congressman Ney, for the opportunity to speak before the committee today. You know, while we realize that Congress and the President have a shared responsibility as stewards of the Nation's financial resources, it is difficult to imagine any other Federal program that touches as many lives as the Community Development Block Grant Program. It must be understood that in today's budgeting environment, there is no local revenue source to replace the proposed 27 percent cut in the CDBG appropriation. The fiscal year 2007 budget plan would require tightening of low income targeting to communities with little resources, which would necessarily channel those reduced CDBG funds to the lowest of the low income communities, even though those projects may not dramatically affect as many people. It is not difficult to imagine a scenario where funds best used to develop the infrastructure to support housing and/or an economic project in one community, would need to be diverted to a community with less development potential just to meet a CDBG program guideline. We feel that our county and the other CDBG recipients across the Nation are best qualified to determine the proper use of these funds under current guidelines and we would like to share with you our experience in Tuscarawas County with the CDBG program.

The program has been an integral part of all phases of community development within Tuscarawas County for close to 3 decades. The program is unique in that it allows, and in fact, requires county government to assist in the planning and development of projects that have been identified by local political subdivision officials as important to the growth, stability, and wellbeing of their communities. The opportunity for communities to share in the benefits of the program is guaranteed by a mandatory and closely monitored citizens' participation plan and a series of public hearings. It is perhaps the best example of direct citizen involvement in the expenditure of tax dollars.

The program can be used for many things. In our county the most pressing need is for improvements to existing, or the construction of new, infrastructure. This could be something as basic as a street and sidewalk improvement or could involve more important health issues such as safe drinking water or the proper treatment and disposal of sanitary sewage. The CDBG program makes these improvements possible by leveraging very limited local funds with Federal dollars. We can also achieve maximum effect from both Federal and local dollars by combining similar projects, such

as paving, into one large project, thereby ensuring more cost effective bids on these projects.

The end result of these efforts goes beyond the mere infrastructure improvements. They bring about a sense of community pride and with reliable infrastructure in place often lead to more housing and economic opportunities.

Perhaps the key to success in the program is in the word community. Over the years we have completed a number of projects that have become the focal point of a community. One of the best examples in our county started with the drilling of a water well for one of our rural townships. In times of drought that well became the only public source of potable water available to the residents of the township. A few years later, right next to that well, we built a senior center and a community center and it quickly became a source of pride for the people of the community and a place where residents of all ages come together. Today, in addition to its original purposes, that center is used for food distribution, medical screenings, educational instruction, voting, and it is a distribution center for the Tuscarawas County Public Library and bookmobile. The facility is now being supported by a special tax levy. The seed that was planted here by the Community Development Block Grant program has germinated and the fruit that has developed helps feed a community.

This is only one of the many success stories in our CDBG experience. Unfortunately, we believe that such dramatic results will become an exception rather than the norm under the proposed budget cuts and tightened guidelines.

Thank you for the opportunity to testify.

[The prepared statement of Mr. Metzger can be found on page 186 of the appendix.]

Chairman NEY. We thank you, Commissioner Metzger.

Commissioner Montgomery, welcome.

STATEMENT OF THE HONORABLE DOROTHY MONTGOMERY, PRESIDENT, MUSKINGUM COUNTY COMMISSIONERS

Ms. MONTGOMERY. Thank you, Congressman Ney, for the opportunity to testify before your today. It is a pleasure to speak to you about the use of the CDBG funds in Muskingum County. My fellow county commissioners and I are concerned about the proposed cuts to the program and I would like to share some of those concerns today.

In Muskingum County, we have been fortunate to have completed many worthwhile projects with CDBG funds. Just since 2000, we have installed water lines, completed storm sewer improvements and sanitary sewer improvements, paved roads, installed and repaired sidewalks, renovated parks, and repaired and installed culverts.

With the approximately $200,000 that Muskingum County receives each year, we are able to reach out to various townships and villages in the county to address some of their most urgent needs. These areas, which are struggling economically, would not be able to complete the majority of these very necessary projects without the assistance of CDBG funds. This year, we are planning to complete six projects in six different parts of the county. And these in-

frastructure improvements will have an effect on hundreds of Muskingum County residents.

Infrastructure is not the only area where CDBG funding has an impact. CDBG programs also stimulate the domestic economy by creating jobs and expanding home ownership, which empowers struggling neighborhoods. This is important, since there is a direct correlation between the condition of housing and the performance of our youth in school which has a long-lasting impact upon society as a whole.

The reduction in the amount of allocated funds granted to Muskingum County will certainly affect the nature, scope, and number of projects that we will be able to undertake in the future. From expanding water lines to repairing roads and sidewalks, CDBG funds have been used to improve neighborhoods and change lives. Our community will most certainly feel the ill effects as a result of these proposed cuts.

My fellow County Commissioners and I, along with our CDBG coordinator, would greatly encourage you to support the CDBG program in its current state and reject any proposed funding cuts.

Thank you for the opportunity.

[The prepared statement of Ms. Montgomery can be found on page 189 of the appendix.]

Chairman NEY. Thank you.

Mayor Salupo.

STATEMENT OF THE HONORABLE SAMUEL A. SALUPO, MAYOR, CITY OF CAMBRIDGE

Mr. SALUPO. Excuse me. Thank you, Congressman, for giving us the opportunity to testify here today. I would also like to echo Commissioner Laughman in saying that we are grateful to you; you have been a loyal friend to all of us here in southeastern Ohio and serve as an outstanding representative for all of us, both Republican and Democrat, so thank you very much.

Having said that, the Community Development Block Grant Program was developed by a Republican President and a Democratic Congress over 30 years ago. It replaced a hodgepodge of specific grant programs which were designed and approved according to the dictates of bureaucrats in Washington. CDBG put funds and decision making at the State and local level. It permitted communities to try and deal with their needs locally through locally developed programs and activities. This program has served the country well in most places. CDBG, and attendant programs such as ARC, EDA, HOME, etc., have improved housing, local economies, and infrastructure primarily for lower income households and communities. They have done this with local rather than Federal decision making.

CDBG funding over the past 10 years has been stagnant. It has not even kept up with inflation, and last year it was cut in real terms by 10 percent. Given the good this program has done in Cambridge and hundreds of other communities, this simply is not acceptable. It is not acceptable to balance the budget on the backs of lower income households. To believe this program can survive another 25 percent cut and continue to serve hundreds of thousands nationwide is simply folly. What is needed, and what we

would like to see, is full funding for the CDBG program at no less than $4.5 billion. Even this does not begin to make up for the year's budget amounts not covering inflation.

CDBG remains crucial for rural areas such as Cambridge. For decades, the Federal Government has been a strong partner for our community to ensure that our city can provide housing, community and economic development opportunities, and other things for our residents. This partnership has resulted in lasting and positive changes for our community by producing affordable housing and creating jobs through business and commercial development. These programs have greatly benefitted our city, and to a greater more specific extent, our elderly, our children, and our low to moderate income population.

It is critical for our Federal Government to remain a strong partner, to keep CDBG as a Housing and Urban Development administered program, and to retain the current funding levels. The Federal, State, and local governments have a duty to ensure that all residents have safe and sanitary housing, adequate public infrastructure, and access to employment opportunities. Our community deserves a better quality of life, a quality of life made possible through the assistance of CDBG funds.

To many who do not understand the program, CDBG represents a Federal Government slush fund. I submit to you today, that it is a comparatively small amount of public dollars to leverage a huge amount of private sector funding. As has been said many times by others, CDBG is truly a leg up, and not a handout.

Let me try to illustrate some of the important projects that the CDBG has made possible in our community for the past few years, and is demonstrative of the programs made possible through CDBG throughout its 30-year history.

We now enjoy a beautiful, vibrant downtown area, made possible by the Downtown Revitalization Grant totaling $400,000, with an additional $150,000 of discretionary funds through the Ohio Department of Development Office of Community Partnerships grant programs. These funds made it possible to save a dying downtown, which has, in turn, encouraged the private sector to invest heavily in our efforts to preserve a historic piece of small town U.S.A.

Our community, as many throughout the Nation, has directly benefitted from CDBG formula funding, in the amount of $498,000 over the past 5 years. We have been able to fund projects such as street improvements, renovation of our fire department facilities, curb and sidewalk replacement, and street surfacing, just to mention a few.

The water and sewer CDBG funded program through the Department of Development has provided $450,000 of critical funding to replace two lift stations and 4,600 linear feet of sewer lines, which benefitted 1,273 households.

CDBG, HOME, and the Ohio Housing Trust Funds make up the funding for the Ohio Department of Development Comprehensive Housing Improvement Program, the CHIP program. The CHIP funding from the last three 2-year grants totaled $1,655,000, and has greatly assisted the City of Cambridge with its neighborhoods—in preserving our neighborhoods. CDBG has provided home ownership opportunities for low to moderate income population

with new construction programs, it has assisted our elderly, single mothers, and large families with emergency repairs that otherwise would not have been possible, and allowed for the rehabilitation of current housing stock for homeowners who cannot obtain conventional financing. CDBG has helped create partnerships with rental property owners to renovate rental units, providing safe rental housing, while allowing rent amounts to remain at an affordable level. Additionally, the funds provided a strong partnership between our local Habitat for Humanity and the city for creation of new housing.

The Appalachian Regional Commission further provided CDBG funding in the amount of $460,000 for sewer and water projects, for rail improvements, paving projects, and funding to support our Community Improvement Corporation, or CIC, efforts to strengthen and attract economic development and job creation for our area.

So, in conclusion, CDBG is a program that serves communities and lower income households well. It has made a significant difference in the City of Cambridge, and has improved living conditions for numerous lower income households. We ask that Congress fund this program at a level of no less than the $4.5 billion in the coming fiscal year 2007 Federal budget.

[The prepared statement of Mayor Salupo can be found on page 199 of the appendix.]

Chairman NEY. Thank you very much, Mayor.

Mayor Zwelling.

STATEMENT OF THE HONORABLE HOWARD S. ZWELLING, MAYOR, CITY OF ZANESVILLE

Mr. ZWELLING. We welcome you also, and we appreciate what you have done for Zanesville in the past years. You are a Congressman who sincerely takes his constituents to heart and we appreciate you for it.

Being last is not unusual to me, and I said to Mayor Salupo, did they save the best for last? He said, no, it was alphabetical order.

[Laughter]

Mr. ZWELLING. In this climate of deficits and budget cuts, the Community Development Block Grant Program has been criticized for lack of measurable impact. I strongly disagree. I am prepared to give you many examples about the positive impact these funds have had on our citizens and community, but I also want to note the devastating impact that the reduction or the elimination of these funds would have on us as well. To make cuts in this program is to ask the most from those who have the least to give.

Nearly 57 percent of the population of Zanesville is low to moderate income. CDBG funds have helped us address the needs of our citizens who do not have the sufficient income to pay local taxes to cover the cost of providing themselves with the basic services. Each year, we have the Citizens Advisory Committee review applications from city departments and local non-profits. After reviewing this information and the city's community and housing assessment plans, they make recommendations to me as to which projects to fund. This is an example of home rule functioning at its best. Local citizens are prioritizing projects in their own community. Since

2000, we have been able to make the following improvements with these funds:

1,439 linear feet of sewer lines and repairs; 5,300 linear feet of water lines and repairs;

7,680 linear feet of curbs and sidewalks in the City of Zanesville;

5,291 linear feet of street repairs; home repairs for 48 low-moderate income owner-occupied households;

And we purchased over 2,300 pieces of electronic equipment and supplies for local non-profit organizations dedicated to community outreach.

Often, we have utilized matching funds from other sources like HOME and the Ohio Housing Trust Fund to get the maximum benefit from this investment.

It is important to note that CDBG has not, and does not, provide sufficient funds to address the comprehensive total needs of low and moderate income people. Each year, we have to deny applications for very worthy projects because there is no money. These include new water lines, sewer separation projects, equipment purchase, and capital improvement projects for non-profits.

Over the past 6 years, the City of Zanesville has spent, on average, approximately $184,000 on projects dedicated to assisting individuals living in low or moderate income homes and communities. However, with the projected reductions in CDBG funding, many more projects may be limited or eliminated entirely. Looking at these reductions in 2004, the City of Zanesville received full CDBG funding of $175,000. Since then, CDBG funding has been reduced by 5 percent in 2005 to $165,000, 10 percent in 2006 to $149,000, and a projected 25 percent reduction in 2007 to $112,000.

With this proposed reduction in place, our ability to assist those living in these targeted areas is drastically reduced and instead of performing four or five projects every fiscal year, we would only be able to execute one, possibly two projects per year while crippling our ability to aid those in the greatest need of assistance.

In conclusion, looking at both President Bush's comments for reducing the funding for CDBG's as well as the stated purpose of those block grants, what the City of Zanesville, as well as many other communities around the Nation, is doing is implementing policies mirroring these stated goals by the Administration. CDBG funding is going directly to community outreach programs as well as infrastructure and home repairs in many low or moderate income communities. By restructuring and reducing this funding, the Administration is only perpetuating this dire situation already in place in many communities as well as limiting the accessibility of these funds to individuals who need the assistance the most.

Thank you.

[The prepared statement of Mayor Zwelling can be found on page 203 of the appendix.]

Chairman NEY. Thank you, Mayor. I appreciate your time. I have a question, if somebody would want to answer it. Just, if somebody could just elaborate on your experience that you had with the administration of CDBG and the State's Small Cities program. Are they good? Are there any things that needs to be refined in regard to the Small Cities program, anybody?

Mr. ZWELLING. The money crunch that has gone from Washington down to the small communities has had its impact on all of us. And the projects still remain lined up and ready to go, but the cutting in the funding seems to be cutting to the core some of the projects that are most direly needed by areas that cannot otherwise afford it.

Chairman NEY. Does the process still work? I mean the money has been cut like 10 percent, but is the process still a good process?

Mr. ZWELLING. Yes, it is.

Chairman NEY. Not the money side, but the process seems to work?

Mr. ZWELLING. The process works.

Chairman NEY. Mayor Gadd, in your testimony you mentioned the largest game area, of course the Wilds. And I think it is interesting if you have an example or anybody else had an example of something where you used Community Development Block Grant monies to leverage private sector money?

Mr. GADD. That is what we have done. We did a block grant that was in 1997–1998 for the exterior in the downtown. If you are familiar with Byesville, it was pretty run down at that time. And we have been trying to get ourselves around an idea to redevelop and have a buy in of downtown. And a couple years ago we went around town, believe it or not, in 9 days with a hat and raised $11,000 and brought a little railroad to town, which still sits there and around that railroad we have had a lot of enthusiasm. We have about 35 to 40 busloads of people now coming to ride our railroad every year. And what we are trying to do is enhance it and make it, instead of a weekend operation, a 6-day-a-week operation.

By having the Tier Two Grant and enhancing the downtown—this area was one of the largest areas for coal mining around the turn of the century. They said the coal taken out between Guernsey County—there were 13 mines between us and the town just south of us—the pull cars will stretch from Washington, D.C., to San Francisco, and back to Chicago, so we were big in coal mining. And we have explored that heritage on our train, by redeveloping downtown into the small quaint shops and the chocolate shops and the soda things. People are willing to reinvest into downtown.

The future is bright doing that because tourism is a good dollar, for every dollar you bring into your area, it revolves around your economy 7 times. So, we are hoping that all the dollars that we attract to this area creates additional jobs.

Mr. SALUPO. I am sorry, Congressman, I just want to add onto that. I could probably go on for about 45 minutes about the impact that CDBG has made to our community. Just take the downtown for example, about 4 or 5 years ago, like most small rural cities, downtown was dying, and all around us some of them are having a difficult time. With the help of the downtown revitalization grant of $450,000, and I am not exaggerating, literally millions of dollars of private investments over the last several years. We have virtually no empty stores downtown. We have competed with the—terrifically with the Wal-mart expansion and the retail expansion down on 209. We have added over a dozen new businesses in our downtown area. It is growing and flourishing right now, as a direct result of CDBG.

Also, just recently a county program, the FedEx expansion down on 209, not to mention the millions of dollars of the expansion with Detroit Diesel and the Ridge Tool area down there. So, this has made a tremendous impact on our local community. And I can even go back 7 years to the cooperation between Byesville and the City of Cambridge and Jackson Township, CDBG was also instrumental in the expansion of the newly annexed area down by the Wal-mart complex, which has generated dozens of new retail businesses and I might add that, probably the largest employer in our community in one specific area is in the retail area, $37 million of payroll directly related to the retail industry. So, it has made a terrific impact on our local community. A small amount that is generated, that, millions literally, millions of dollars of private investments, which has increased our employment. We reduced our unemployment rate and we have about 2,000 more people working today than we did 6 years ago. So, this can all be attributed to this partnership.

Chairman NEY. I had another question, it came up in Knox County and the second panel also might want to comment on this, but, the Administration's proposal has a change in it to take some of the money and redirect the formula to the neediest of the needy. That takes away from 200 other recipients of this and then switches it down. The question that I had though and the kind of answer I want to take back to Washington of your feelings, do you also—I mean, you try to service everybody, I understand, but do you also have things you can point to where you are trying to take care of the needy and the neediest and that way we maybe do not have to adjust this formula. Because at the end of the day, if you adjust the formula everybody will lose some. I just wondered if anybody had any comments on trying to take care, you know, the poorest of the poor?

Mr. LAUGHMAN. For us, it is the emergency vehicle program that we are doing, I see that as really taking care of the needy because a lot of these volunteer fire departments just simply cannot afford to replace equipment and we are not only going with fire trucks, we are going with ambulances also. I mean, you have been around, you see some of the conditions of some of those vehicles that they are forced to use. I am afraid if cuts are made that is going to cut right into those kinds of things. And we do, we try and hit every village and township that we can, but it is like everything else, you know, $350,000 worth of requests for $170,000 is there.

Mr. GADD. We do that in my certification in every 4 or 5 years, my guys go around and do it; a lot of the towns, especially the older the town is there is a lot that are covered under the low to moderate income. And the focus is not so much the neediest of the needy because by working for everybody you actually enhance the needy also. And what Mayor Salupo and the Commissioners talked about, we tried to provide an avenue that will enhance everybody's life and bring up everybody's standard of life, but if you just focus on one group and leave other projects go, it is not enhancing everybody that way.

Ms. MONTGOMERY. Well, I think is covered by the roads that are provided so that the fire trucks and the EMS vehicles can get to, and I can testify that sometimes the rides in those ambulances are

not very comfortable. And we will not go there, as far as bumps are concerned.

But I think Mayor Salupo mentioned about the coal mining that has taken place in this area, and the horrible water conditions that some people have, they either have none or perhaps what they have is really not drinkable, and we have been allowed to lay a lot of water lines and the sewer situation is certainly no better. So, I really think we are not only reaching the poorest of the poor, but in doing so, inspiring and helping those along the way who are in those same neighborhoods.

Mr. METZGER. Well, one of the things we do in Tuscarawas County is, we routinely, with our CDBG funding, always set aside some money for what we call SEA, which is Society for Equal Access. My concern would be, if the rules were changed, that they would not be able to utilize those CDBG funds and maybe they might be able to fund some of those folks who just need access to transportation needs. And you would limit the number of people who actually need that particular help. That would be a large concern there. So, by changing the rules, I mean, we may be—if the rules end up being changed you may end up in a situation, as I said in the testimony, where you may focus on helping, maybe one or two individuals, when there are still people who are needy who may rise a little bit above the lowest of the low income, but they would not be able to access those dollars, the CDBG dollars to help them. Because that is what we look at in Tuscarawas County, is not only just the income, but the number of people who are helped by that CDBG funding. So, you know, we take both of those things into consideration when we decide where those funds are distributed.

Mr. SALUPO. Just to expand on what everybody has already said. My fear would be that if we change the way we are doing the formula right now that it would take away local discretion and what we have been able to work through our community assessment strategies of a comprehensive plan that ultimately benefits everybody. You are allowing a local community to determine what the needs are and how to affect the quality of life for everybody totally, in the whole community. And so I think it would be critical to continue to leave it the way it is so that we can make the decisions locally.

Chairman NEY. Mayor Zwelling.

Mr. ZWELLING. I think it is hard, perhaps difficult for the President to realize that there are still a lot of areas in this country where people do not have adequate water and sewage. Zanesville is such a place and CDBG funds are sorely needed to get these bare necessities to the people who need them the most.

Chairman NEY. I have one final question, and then if you have anything else you want to add. But I have one final question. It was geared towards housing. This subcommittee that I chair is Housing and Community Opportunity, and so we look a lot at the housing issues. In the housing spectrum, about 72 percent of Americans own a house; I believe that is a pretty accurate figure. The minority rate is way lower, it is about 50 percent, which is unacceptable, it needs to be raised up. And you look at different, you know, aspects of housing, when you say housing, the ownership of the house, we have some great building statistics. But also, not ev-

erybody can own a house, this was pointed out too up in Knox County today, not everybody can own a house, or maybe not everybody will ever qualify. Maybe there are situations where it is not the way to go for them. So, you have other types, of course your apartments, Habitat for Humanity, as Mayor Gadd mentioned, Section 8 Housing under HUD, and a lot of Community Development Block Grant monies have been utilized, obviously CDBG, for housing.

And if anybody had any brief comments you want to make on the housing aspect of this, how the programs are working or not working.

Mr. ZWELLING. We partner with Habitat also, as somebody else mentioned, and the very type of housing that you just mentioned, we use CDBG funds for that; it is very crucial to us.

Ms. MONTGOMERY. Several have mentioned the CHIP program and, you know, the roofs or maybe a heating system, just a multitude of things that—and it does not have to be a senior citizen who is in need. But there are just a lot of poor situations out there.

Chairman NEY. Yes.

Mr. LAUGHMAN. Our CHIP and housing programs are administered through the City of Cambridge, through Steve Gerhard, and Evelyn and their assistants and they do an excellent job. That has really made a difference here in Cambridge.

Mr. SALUPO. It has, and it has provided an opportunity for people who might not have been able to own their own home. That is without question, but in addition to that, it has improved the aesthetics and the quality of our neighborhoods. The partnership with Habitat has all combined to provide other assets to the community. So that has also been, the CHIP program is an outstanding program.

Chairman NEY. Yes.

Mr. GADD. We are doing three CHIP homes in Byesville this year. The ones that they built previously were sold quickly, because of the write down, the way that they could do it. We found, what we were talking about earlier, there are some people qualified for those homes, because they, well, I think one of my police officers applied for a home this year. But they qualified, because they have an income and stuff. Through our Habitat for Humanity, which we still get money through the CHIP program, we are finding people who never even dreamed of having a house or that opportunity. When you take $39,000 across 20 years, you are talking maybe $225 or $275 a month that family is paying for that house. But it is their house, their dream, their future. And they have been wonderful with it. It makes such a difference to see a family who now has a place that is their home. There is nothing more important in this world than having a family home that you can go to, even as you grow up. You go back and see Mom and Dad, that is their home, it is not a rental, it is not someplace that they keep moving around to. That is their family home and that is important, especially here in rural America.

Chairman NEY. Yes. On the housing aspect, we passed the American Dream down payment bill, which I think was a good bill, carried by Katherine Harris; Congressmen Oxley and Frank, and Congresswoman Maxine Waters were instrumental. We worked with

them and passed that out of our subcommittee and that is a bill that will help down the road. Also, we did just—I think it is really important to a lot of people—we also did a housing fund that we created, we took 5 percent, I think it was, it was Fannie and Freddie, Fannie May, Freddie Mac, put it into a fund so that they will carry out their charter mission of Congress, and I do not know how much that fund was.

Mr. RILEY. $500 million the first year.

Mr. JONES. $500 or $600 million the first year.

Chairman NEY. $500 to $600 million the first year and it will grow into the billions from there, 5 percent of their profits basically. That is a good fund. And it is to be used to help the poorest of the poor and for different housing initiatives throughout the country. You know, we have to look to the other body, in Washington you cannot say the word Senate, believe it or not, on the Floor of the House, here you can, we do not have metal detectors or C-Span so we can say all manner of things. But we are hoping the Senate will come along and will help us on this. I think it is a really important thing that communities will be able to utilize.

With that, I do not have any other things except, do you have any questions?

Mr. RILEY. No.

Mr. JONES. No.

Chairman NEY. I do want to say one thing because we are going to go to the second panel. If there are elected officials in the room who just want to give your name and your title, we can do that as we are shifting panels here.

But I want to thank all the elected officials. And I also wanted to address something about earmarks. You are hearing about earmarks all the time now in Washington, D.C., we have to stop the earmarks. You know, if they want to put our names to the earmarks, and our name is attached, then that is fine. They can print it all day long, our name will be attached to earmarks, I have no problem with that. And it will be in the bill, they can put our names in parenthesis so that they know who did an earmark. You know, this has all started with Congressman Cunningham and the earmarks. But if they want to put our names to them, I think that is just fine I think with most members.

But the thing here I think people have to remember, they are saying do away with earmarks. CDBG, what we are talking about today, you cannot—that money comes down from Washington goes to the State and you all sit and have your hearings where you are getting requests of $700,000, you only have $100,000 to spend. You have your hearings and you have your input, citizens are available to have their say here. If we would do away with earmarks I can tell you that a lot of projects, I look around the room of projects that we have done, I see people and faces and I see dollars too of projects we have done.

I promise you that the United States Government would not have returned taxpayers dollars by saying let us build a cancer center over in Knox County. They would not have said, let us put $100,000 in a Tuscarawas County study to see about raising those roads. I mean, I can go on and on and on, water and sewer systems. And I just think that the earmarks are still local because we

do not sit there and make those things up. Local officials tell us, we need that, we need this, citizens, local development districts tell us. So in this great fever of earmarks, if we want to make it fully open and shut, the sun is shining, transparent, I have no problem. But to just say let us stop and let the unelected people in Washington, who are Cabinet Members of any President, whether it is the previous, the current, or the next, who make those decisions, I do not think we want to do that. And so, I just want to assure you, I still think earmarks are a real honestly local way. It comes from here out to us to bring it back.

Thanks for your time and all that you do for your communities. And we will go on to panel two, which will be Mr. Aane Aaby, president, Ohio Conference of Community Development. Mr. Philip Downing, local office director, Columbus Enterprise Community Partners. Mr. Hugh Grefe, senior program director, Toledo, Local Initiative Support. Mr. Oren Henry, community development administrator, City of Cincinnati. Mr. Don Myers, executive director of OMEGA, and Mr. Gary Ricer, executive director, Guernsey, Morgan, Noble Tri-county Community Action.

Some of the people in the audience if you want to or if you are just a citizen and you want to say hello and give your title, I mean, go ahead. Why do we not start in the audience.

Mr. HEARD. John Heard, Noble County commissioner.

Ms. CARTER. I am Linda Carter and I administer the CDBG program for the Noble County Commission.

Chairman NEY. Okay, can we start over back here.

Mr. LACE. Ken Lace, Washington County.

Mr. STEIN. Henry Stein, director of development, City of Matins Ferry.

Mr. WARNER. Russ Warner, I am the office chief for the Ohio Department of Development's Housing and Community Partnerships. We administer the CDBG, HOME, and ESG.

Mr. MOORE. John Moore, township trustee, Harrison County.

Mr. NORTON. Gene Norton, township trustee in Muskingum County. I have received CDBG funds regularly.

Chairman NEY. Anybody else?

VOICE. Township trustee.

VOICE. I am her husband.

[Laughter]

Chairman NEY. Why do not we start over here.

Mr. GROMONT. Tom Gromont, director of Neighborhoods Department for the City of Toledo.

Mr. DAVIS. Doug Davis, the county engineer for Muskingum County.

Ms. MONTGOMERY. Dorothy Montgomery.

VOICE. We receive CDBG.

VOICE. Jefferson Newspaper here in Cambridge.

VOICE. Township president, Muskingum County.

Chairman NEY. And J.P. Dutton, raise your hand. J.P. is with our office He is working out of Zanesville; he covers most of your counties, and he does appropriations and general office work. and also David Popton from Washington works for us. He used to work for John Kerry, Senator John Kerry. The Ohio Senator John Kerry. Got you.

We will start, Mr. Aaby, go ahead.

STATEMENT OF AANE AABY, PRESIDENT, OHIO CONFERENCE OF COMMUNITY DEVELOPMENT

Mr. AABY. Thank you, Congressman Ney. My name is Aane Aaby and I am the community development director for the City of Massillon, Ohio. I have been employed by the City of Massillon since 1973, when I was hired as a project coordinator for the City's Neighborhood Development Program, or NDP. An NDP was a type of categorical grant program administered by the U.S. Department of HUD and was a type of limited purpose urban renewal program. It is with a sense of some irony that I report that on the very day that I was hired by the City of Massillon in 1973, then-President Nixon had imposed a moratorium suspending all HUD categorical grant programs. So I had been hired to administer a program whose future funding was in limbo.

However, President Nixon, and later President Ford, had a plan for local communities to return to them some of their tax dollars in the form of block grants, giving local communities the flexibility and discretion to use these dollars as we saw fit, provided these dollars were used wisely to achieve certain federally mandated objectives, namely the provision of decent affordable housing, the creation of a suitable living environment, and the expansion of economic opportunity, all objectives primarily for the benefit of low and moderate income persons. Initially called the Better Communities Act, the program eventually passed Congress as the Housing and Community Development Act of 1974.

In 1975, I was appointed assistant planning director for Massillon and given the responsibility for administering the City's Hold Harmless CDBG Entitlement. Massillon was designated a Hold Harmless community because although we were not large enough at the time to qualify as an entitlement grantee, we had previously received categorical grants from HUD and were allocated CDBG funds to maintain the continuity of our efforts.

In 1985, Massillon was officially designated by HUD as an entitlement community, and in 1988 I was named community development director for the City, a position that I still hold.

However, I am also appearing before this subcommittee as a representative of another organization. I am currently the president of the Ohio Conference of Community Development, OCCD, a 165-member organization of local government community development officials. OCCD has a broad membership representing the spectrum of communities in Ohio from large urban areas such as Cleveland, Columbus, and Cincinnati to some of our most rural villages and counties. Four times a year, our membership gathers for a day and a half to meet with HUD, Ohio Department of Development representatives and others to learn about the newest initiatives at the Federal and State level, to hear presentations on topics of interest in the field including best practices and award winning projects, and to receive training and instruction on important programmatic elements involving housing and community development issues. We are now in the process of instituting a statewide training and certification program for community development officials. OCCD is

an important organization for Ohio communities and I am pleased to be able to serve the members as their current president.

So, I am here before the subcommittee wearing two hats, representing both the City of Massillon and the Ohio Conference of Community Development. But I am here with one purpose, to advocate for the restoration of full funding for the Community Development Block Grant Program.

The last 5 years have seen dramatic decreases in CDBG funding for Ohio communities. In 2001, Massillon's entitlement grant was $956,000. In 2006, our CDBG grant will be $749,597 a decrease of over $200,000, or a 21 percent loss of funding over a 5-year period. This year will be especially difficult as our entitlement amount for this year alone was reduced by almost 11 percent.

For all 43 Ohio entitlement communities, the total loss of CDBG funding over the 5-year period from 2001, is more than $26 million, $12 million in the last year alone. The State of Ohio is responsible for administering and allocating CDBG funding to Ohio's small cities and non-urban counties. During the last 5-year period the State's CDBG program has lost over $8 million in CDBG funding with a $5.5 million reduction in the last year.

And now we read that President Bush has proposed further cuts for 2007, effectively reducing funding for community development by another 27 percent. I have estimated that Ohio communities will lose an additional $30 million and the State of Ohio would lose another $13 million. If the budget is enacted as proposed, Massillon's CDBG program would have suffered a total loss of 42 percent of its block grant funding from 2001 levels.

But how do these funding reductions affect my community? How are Massillon's programs being impacted? In Massillon, we use CDBG block grants to operate such programs as housing rehabilitation, code enforcement, neighborhood street improvement, demolition and clearance, and youth recreation. We also provide funding to a variety of local organizations, including: Massillon Main Street which provides exterior renovation and facade restoration grants to downtown commercial buildings; the Walnut Hills Residents Association, a neighborhood based organization designed to promote the revitalization of their neighborhood; the Massillon Urban League, which provides housing counseling services and teen pregnancy prevention classes; Stark County Community Services, which operates the Family Living Homeless Shelter in Massillon; the Domestic Violence Project, which operates a domestic violence shelter in Massillon; West Stark Medical Clinic, which provides free health services for low income uninsured households; West Stark Family Services, which provide homemaker services to elderly and handicapped households; the YWCA of Massillon, which helps pay for child care services for families in crisis; the Massillon Commission to Advance Literacy, which provides adult literacy training; Faith in Action of Western Stark County, a faith-based organization which provides caregiver services to the frail elderly; and Lighthouse Visions, which provides life skills education classes for foster children.

Reductions in funding inevitably lead to loss of services. Every $5,000 reduction for housing rehabilitation programs in Massillon means one less home repair project that will assist a single parent

household or elderly homeowner. Every $5,000 reduction for demolition and clearance activities means one less vacant dilapidated structure can be torn down resulting in the continuation of blight in low income neighborhoods.

Reductions in funding also mean loss of funding to local organizations for their programs, meaning less funding for homeless shelters, domestic violence shelters, free medical clinics, housing counseling, child care, and elderly services.

The city does not put together its CDBG program in any sort of arbitrary fashion. We put a lot of time and effort in the preparation of a 5-year plan called a Consolidated Plan for Community Improvement. The Consolidated Plan provides an in-depth analysis of the city's housing, homeless and community development needs and establishes objectives to be achieved. A strategic plan is prepared to achieve our objectives and after that an annual plan is prepared each year to allocate our CDBG dollars to specific projects and activities designed to reach these objectives.

All of this planning is done through a citizen participation process designed to provide input from local groups and organizations. These steep funding reductions, both real and proposed, which we are facing are causing a number of problems locally. Loss of funding means fewer activities, less funding or no funding for local organizations. We identify all of these housing, homeless, and community development needs in our Consolidated Plan, and then with Federal cuts we are denied the monies needed to make meaningful progress in addressing these problems. We ask for community input from local organizations on one hand, and then are forced to offer only limited, or maybe even no funding, for their programs. The proposed 27 percent funding reduction for 2007, will in all likelihood, if enacted, mean the end of funding to any local organizations in Massillon. Loss of such funding will definitely impact the quality of services available to serve the neediest of Massillon residents. Those elderly and single parent households living in substandard housing, those families in crisis facing homelessness, in need of child care, or in need of medical services, and those elderly in need of homemaker and caregiver services.

Cities like Massillon need these community development dollars. The activities provided with these funds cannot be carried out with general fund dollars. The city has no local funding for housing rehabilitation, home repair assistance, or for local public services. Economic downturns have strapped our city budget, making it extremely difficult to provide for such services as police and fire protection, pothole repair, snow removal, and the like. CDBG is part of the implied pact between local and Federal Governments returning a portion of Federal tax dollars back to local communities, giving local governments the flexibility to use these dollars as needed to meet real identified community needs, while still adhering to a federally mandated framework of regulation and oversight. The institution of performance measurements is an important step in the ongoing process of monitoring and evaluation needed to better document the results and the benefits from the expenditure of CDBG dollars.

Massive funding reductions will not destroy CDBG, it will only—will not reform CDBG, it will only destroy the program, signaling

the Federal Government's abandonment of local communities and the neediest populations within our communities, leaving local government lacking the very resources needed to help solve some of the Nation's most difficult problems. And ultimately that is what it is really all about. These are not just Massillon's problems. They are Cleveland's, Dayton's, Cambridge's, Guernsey County's. Collectively, these are the Nation's problems and that is why we need a national program to address them. That is why we need a fully funded Community Development Block Grant Program.

Thank you for your attention.

[The prepared statement of Mr. Aaby can be found on page 135 of the appendix.]

Chairman NEY. Thank you so much.

Mr. Downing.

STATEMENT OF PHILIP H. DOWNING, LOCAL OFFICE DIRECTOR, COLUMBUS ENTERPRISE COMMUNITY PARTNERS

Mr. DOWNING. Good afternoon, thank you, Chairman Ney. Before I proceed, I just wanted to let everyone know, although it does state that I am a local office director of Enterprise Columbus, I actually hail from Wapakoneta, Ohio. So I have a rural connection and I spent probably half of my professional life working in rural communities. So, I have kind of an odd mix of urban and rural.

Chairman NEY. One of Neal Armstrong's—

Mr. DOWNING. Yes, as matter of fact, I lived on Neal Armstrong Drive. That is a very small town. Well, thank you, I appreciate that.

Thank you for the opportunity to discuss the Community Development Block Grant Program, and other key Department of Housing and Urban Development programs that facilitate the production of affordable housing and community improvements nationwide.

Enterprise is a leading provider of the development capital and expertise required to create decent, affordable homes and rebuild communities. For more than 2 decades, Enterprise has pioneered neighborhood solutions through public-private partnerships with financial institutions, local governments, community organizations and others that share our vision. Enterprise has raised and invested $7 billion in equity grants and loans, and is currently investing in communities at the rate of $1 billion a year. Enterprise's two Ohio offices located in Cleveland and Columbus, work statewide with a host of urban, suburban and rural community development partners.

Enterprise plays an important role in the housing and community development finance system. To our grassroots partners, we provide resources, expertise, and access to additional capital. To our philanthropic and corporate partners, we offer assurances that funds are invested with the maximum impact. To the Federal Government, we ensure taxpayer dollars are appropriately targeted, efficiently used, and leveraged to the greatest extent possible.

In fiscal year 2006, Congress recognized the value of the Community Development Block Grant, and nearly unanimously rejecting the proposals in the budget to eliminate the program entirely and transfer authority to the Department of Commerce. This year,

while the proposal would leave the program authority at HUD, the proposed budget significantly reduces funding for the program. For the second year running, the Administration has proposed to cut funding for CDBG and several other programs under the auspices of the Strengthening America's Communities Initiative.

The fiscal year 2007 budget proposes just $2.7 billion in formula funding for CDBG. This is a reduction of $936 million compared to the appropriated level for fiscal year 2006. To make matters worse, the fiscal year 2006 funding level represents a 10 percent reduction in the funding from the appropriated level in the fiscal year 2005 budget. Since fiscal year 2001, CDBG formula funding has declined by nearly 16 percent. We have grave concerns about these funding levels and the trend that they represent. These reductions have real and harmful consequences for communities across the country.

The CDBG program represents the glue in the community development tool box. Without these flexible dollars that CDBG brings to affordable housing and community development facilities projects in both urban and rural areas, these developments often would not be able to come to fruition.

The CDBG statute is very clear, the program's three national objectives are the elimination of slum and blight, addressing urgent needs that pose imminent threat to health and welfare of a community, and addressing the needs of low income—low and moderate income families. We have made great strides in the past 30 years towards these objectives, but we by no means have achieved them. CDBG is an essential tool in rebuilding of communities. Without it much of the progress we have made is in jeopardy.

Even as the CDBG program was slashed in the budget request, both Congress and the Administration have recognized its flexibility and strong past performance and have channeled $11.5 billion in Gulf Coast rebuilding funds through this program via supplemental appropriation bills. After the trio of hurricanes devastated the Gulf region, America's housing crisis was unveiled for the world to see, and for our own citizens to recognize. The budget proposal looks the other way as families across our country, seeking stability, struggle to find fit, affordable housing.

This committee and many of your colleagues in the House and Senate deserve the thanks of the community development industry and the low and moderate income families we serve for preserving CDBG last year. We hope that you will again join with us to ensure that this program can continue a strong track record of success. Accordingly, we urge Congress to fully fund the Community Development Block Grant program in the fiscal year 2007 budget at $4.5 billion.

In additions to cuts in the CDBG program, we are also concerned about the eliminations to the brownfields program, Section 108 loan guarantees, and rural housing and economic development programs. Each of these programs meets a specific need that communities face when tackling their affordable housing and community development problems. We encourage Congress to reject proposals to eliminate these essential programs, as well as to reject proposals to cut funding for the Section 202 elderly housing program and the Section 811 disabled housing program.

Another key program slated for elimination in the fiscal year 2007 budget request is the Section 4 affordable housing and capacity building program. The Section 4 program is another critical instrument for revitalizing communities. It equips community development corporations and other neighborhood based non-profit organizations with the tools and resources that they need to address local issues.

The Section 4 program provides seed capital that community and faith-based groups use to attract private investment for housing, economic development, and other revitalization activities. It helps local communities use programs like block grants much more effectively. In 2005, each Federal Section 4 dollar generated $67 in community activities. I think that speaks to the leverage issue you were talking about earlier, Mr. Chairman. It is a very effective program, leveraging private sector dollars. As you are aware, HUD administers Section 4 primarily through Enterprise and the local initiative support corporations, Mr. Grefe, representing them to my side here. The Nation's two largest non-profit community intermediaries. In 2005, Enterprise and LISC used $30 million in Section 4 investments to help grassroots groups generate $2 billion to produce more than 12,000 affordable homes with a wide range of other economic development activities.

To provide one example, in Fayette and Fairfield Counties, the Section 4 program supported training that enabled Community Action to expand its service area and self-help housing program from Fayette and Fairfield Counties into Ross County and to complete the second phase of Arbor Village in Washington Court House. Arbor Village is a community of 30 new affordable for-sale homes made possible in part by the buyer's sweat equity. Additionally, Section 4 funding assisted Fairfield Affordable housing in developing 50 apartments, as well as providing case management and supportive services for low-income seniors.

Additionally, in Columbus, Section 4 has provided capital to our local funding intermediary, the Community Development Collaborative of Greater Columbus, leveraging significant resources from financial institutions and philanthropies. This effective private-public partnership from financial institutions has proven effective in building capacities in over 15 local community development organizations, catalyzing construction of thousands of affordable homes and 120,000 square feet of commercial and retail space in Columbus. Recent evaluations by OMB and GAO point to the effectiveness of the program.

The bottom line is that community based organizations across the country are building affordable homes, starting small businesses, developing commercial and community facilities. They are connecting people to jobs, providing child care and other services, and making streets safer. They are building that better world, quite literally, by providing the economic tools people need to pull themselves out of poverty. But they cannot do it alone, they need our help.

We at Enterprise strongly believe that Congress should demand performance and accountability of Federal programs. We are committed to working with Congress and the Administration to improve the performance of these policies and programs. We encour-

age Congress to continue to support and fund innovative models, test new approaches, and preserve successful programs.

We are pleased that the subcommittee has brought this panel together today and I hope this dialogue will continue. We look forward to working with you to ensure that the best possible outcomes occur for not only the expenditures of public dollars, but also for the low and moderate income families struggling to find affordable housing in safe neighborhoods across our country.

[The prepared statement of Mr. Downing can be found on page 164 of the appendix.]

Chairman NEY. Thank you, sir.

Mr. Grefe.

STATEMENT OF HUGH GREFE, SENIOR PROGRAM DIRECTOR, TOLEDO, LOCAL INITIATIVE SUPPORT

Mr. GREFE. Thank you, very much, Chairman Ney, and thank you for assuring that Ohio is the home for these hearings this year; we deeply appreciate it.

My name is Hugh Grefe and I am the senior program director for the Toledo office of the Local Initiatives Support Corporation. LISC is a national non-profit community development support organization working through our 34 local offices in over 100 cities and 80 rural communities across the United States. Each year we invest close to $900 million in low income neighborhoods and rural areas. Since 1980, LISC has raised over $6 billion in grants, loans, and equity from supporters and has invested it to generate over $14 billion in community development. These funds have created over 160,000 homes, 25 million square feet of business and service facilities, and helped to employ 60,000 people. LISC works through local non-profit community development corporations and other non-profit community based development organizations along with local government and local private sector partners. Our financing includes investments, loans, loan guarantees, and grants. Organizational assistance includes advice, training, management analysis, and operational support.

In Toledo, I have been responsible for leading LISC work in community development for 12 years, and previously served as a senior executive at a local hospital serving Toledo's oldest and poorest neighborhoods. In Ohio, LISC has local offices in three cities; Toledo, Cleveland, and Cincinnati. We also work through our rural LISC office working with program partners and two rural non-profit developers, the Adams/Brown Counties Economic Opportunities, Inc. and with WSOS Community Action Agency in northwest Ohio.

LISC's work with our non-profit community development partners is structured around efficient and strategic use of public funds. One of the critical building blocks of community development is the Community Development Block Grant Program.

In Toledo, a weak market city with a struggling economy and a continuing loss of population and loss of jobs, CDBG is a key resource. With few local private foundations, CDBG is the main source of operating and public investment funds for community development and human services organizations. Significant goals to build new neighborhoods around new schools and a major job-producing riverfront development must have CDBG investment to suc-

ceed in the coming years. As an example, the Pontiac and Ontario Place development provides a wonderful study of a broad-based neighborhood revitalization aided by the CDBG. Forty new and rehabilitated homes for low income families have been built within sight of the location of the new Chase Elementary School. The use of CDBG in this first project in Pontiac/Ontario has now attracted $3.5 million in new, private investment to the neighborhood and created the basis for the next steps in the new schools, new neighborhood program.

In Cincinnati, Ohio, CDBG supports the infrastructure of community development corporations which are the backbone of neighborhood-based development in that city. Working with our partner, Cincinnati Housing Partners, 18 blighted properties in the Carthage neighborhood have either been rehabilitated or have seen new constructed homes and sold—who have built them and sold to working families creating equity for first time home buyers and hope for a whole neighborhood. The CDBG program was key to this neighborhood turnaround through its flexible uses in acquisition and infrastructure improvements.

In Cleveland, CDBG funds have been extremely important tools in strengthening community economic development. Funds are used to repair homes, provide operating support to CDCs, provide shelter and care for the homeless, repair neighborhood storefronts, and provide supportive care for those living with AIDS. In Cleveland, along with the LISC grant, CDBG funds were used to support the Spanish American Committee, Ohio's oldest Hispanic non-profit organization, to develop the only HUD certified bilingual housing counseling program in the City of Cleveland, to increase home ownership in the fast growing Hispanic community. This relatively new program has been amazingly successful in helping to increase home ownership among Cleveland's growing Hispanic community.

In rural Ohio, through our partner organizations, Adams/Brown Counties Economic Opportunities, serving Adams and Brown County and WSOS Community Action serving Ottawa, Sandusky, Seneca, and Wood counties, affordable rental housing and home ownership is being built for low and moderate income families, senior housing is in the planning stages, businesses are being assisted using critical job-producing strategies through micro enterprise development and IDA initiatives, child care centers are being built, homeless are being assisted and more, all with the assistance of CDBG funds.

Along with other specialized Federal programs including the HOME program, the Section 8 tenant assistance program, the Community Service Block Grant programs, Section 4 and others, CDBG plays an extremely important role as one of the most flexible of all programs in the tool box created to support community revitalization and support. Among its strengths are the following: CDBG is the venture capital of change, leveraging significant private capital into communities that have had difficulty attracting new investment. For example, in Toledo, over the last 10 years, CDBG commitments from the City of Toledo entitlement have resulted in $5.00 for every single dollar of CDBG, just from LISC alone. And when the project financing commitments that the CDC's

have been able to attract is added, it brings it to nearly $9 in total leveraging impact from the City of Toledo's commitment.

CDBG encourages local elected leaders to work with community based and run organizations to set priorities for investments that produce results in difficult-to-develop areas.

CDBG allows communities to take the long view and develop strategies to address the corrosive effects of decades of negative economic and social trends.

Because it is flexible, CDBG can be carefully targeted in ways that enhance the effectiveness of more focused investments of HOME funds, Section 8, Section 202, and other Federal funds.

Overall, CDBG allows local communities to develop and carry out neighborhood and community transformation plans that make the project or transactional work supported by HOME, Section 8, Section 202, and other funds have more long term and lasting impact.

CDBG is a 30-year old program and it works. From LISC's national perspective we have seen the benefit of the flexibility of the program in cities as diverse as Los Angeles, California and Duluth, Minnesota. In rural America we have seen the usefulness of small cities grants funded by CDBG which helped to jump start the revitalization of a faltering main street as we just heard about here in Cambridge or the acquisition of land in order to start a self-help home ownership program in a community that had not seen new construction in decades.

We thank Congress for your past support, particularly last year, and applaud your vision and partnership with local communities in supporting CDBG.

If reform is to happen to the CDBG program, we urge Congress to include community-based stakeholders, both rural and urban, in this decision making process. We understand that times are tough in Washington. Tough decisions must be made over competing priorities. CDBG works, it helps communities work. Deep cuts will strike at the very heart of communities reinventing themselves. Discussions concerning changes to the CDBG program or how the allocation program or formula is determined must not be kept within the Beltway but to be brought here, as you have done today, where we are, to be discussed.

I appreciate the opportunity to testify before this committee. I am happy to answer questions. And I wanted to comment on your question about direct support for low income persons, as a result of that. In Toledo, Ohio, every year the City of Toledo's allocation of CDBG to family resource centers and other non-profits including homeless shelters, soup kitchens and other feeding programs, etc., amounts to about $1 million a year and it is direct service to the very lowest of low in our community.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Grefe can be found on page 172 of the appendix.]

Chairman NEY. Thank you.

Before we go on I wanted to, the Mayor of Vincennes is in the room. We introduced everybody, so the Mayor of Vincennes is here. I just wanted to say that.

He was my mayor for 13 years, so I wanted to introduce him.

VOICE. He used to be my resident and I could tell him that he may have his power in Washington, but on weekends he belonged to me.

[Laughter]

Chairman NEY. We got redistricted and we had to move, I might get redistricted and have to move back.

VOICE. That is important.

Chairman NEY. He was good when I lived there.

Mr. Henry.

STATEMENT OF OREN J. HENRY, COMMUNITY DEVELOPMENT ADMINISTRATOR, CITY OF CINCINNATI, OHIO

Mr. HENRY. Thank you, Mr. Chairman, thank you. Before I begin my comments, I want to thank you for having this hearing and it is nice to be back in this part of the State. I live in Cincinnati now, but I was born and raised in Newark, Ohio.

Chairman NEY. Okay.

Mr. HENRY. I was their community development director for 16 years and had many successes there with the block grant program, and then moved on to the Ohio Department of Development, and was the deputy director of the community development division there. I currently sit on the board of the Ohio Housing and Finance Agency, but I am wearing a different hat today. So I will begin my comments.

Okay, thank you, Chairman Ney and the members of the subcommittee, for allowing me to testify today on the importance of the HUD Community Development Block Grant Program to our communities, and the need for continued stable funding for the program.

I am the Community Development Administrator for the City of Cincinnati and I have held that position for approximately 5 years. In that time I have seen Cincinnati's annual CDBG allocation decrease 21 percent from $17,343,000 in 2002 to less than $13,742,000 in 2006. The substantial annual cuts in funding are increasingly making it difficult to administer effective programs to add new and sustain existing jobs, provide decent affordable housing in safe neighborhoods, and to offer needed public services for our citizens. In order to maintain effective programs, please fund the Community Development Block Grant formula program at a minimum of $4.3 billion for 2007 and beyond.

We are very concerned about the President's proposed cuts in the fiscal year 2007 budget proposal that would reduce overall CDBG program funding by 27 percent and would provide for dramatic changes in the funding formula. I understand HUD will be pursuing a new formula that would cut the CDBG allocation for Cincinnati by an additional 25 percent. If all these so-called reforms are enacted as proposed, the city could see its CDBG allocation shrink from a high of $17,343,000 in 2002 to only $7,523,000 or 43 percent of what was received just 5 years ago. Add in the effects of inflation and Cincinnati will be operating with only about a third of the resources the city recently received.

Like all cities, Cincinnati has a unique history. In 1880, Cincinnati was the sixth largest city in the United States and had a solid industrial base. As the city matures, it finds itself landlocked

and with one of the lowest home ownership rates in the Nation at just 39 percent. And it is only 29 percent for minority populations. As manufacturing is still a large part of the economy, many of the old factories and sites need serious brownfield remediation to be marketed and reused for new industry and jobs. Obsolete, old neighborhoods need new approaches and well designed infill redevelopment to meet the needs of existing citizens, to halt the exodus to sprawling suburbs, and to offer exciting and innovative alternatives to attract new residents into a mixed income and diverse environment.

While pursuing a number of redevelopment initiatives, our leadership currently is taking bold action to address the ongoing problem of vacated buildings. There are documented complaints on over 1,700 vacated buildings that contribute to the blight, harbor illegal activities, and provide an incentive for disinvestment. The city is dramatically increasing fees and fines on negligent property owners. Our goal is to cut the number of vacated structures and to motivate owners to immediately address safety issues and to rehabilitate and reuse their vacated building. The owner may also sell their building or donate it to the city and neighborhood-based redevelopment groups. CDBG funding is a key part to this effort by enabling us to have ample resources to pursue all of these buildings in a reasonable time frame. When the transition of these blighted, vacated structures begins, CDBG will continue to be a strong element. CDBG funding will be utilized to demolish, clean up, and rebuild some sites or will leverage funding in the renovation of others. Our strong actions in dealing with vacated buildings will be a tremendous start to the revitalization of some of our most challenged areas.

But the proposed funding cuts and formula reallocations threaten new initiatives as well as our existing community redevelopment efforts. The 21 percent cut in funding we have experienced over the past 5 years has meant cuts in neighborhood programs and public services in all areas. Of significance, CDBG regulations generally limit expenditures of CDBG funding for public service activities to 15 percent of the grant including program income. As the CDBG program has been cut 21 percent, a corresponding cut has been made in public service activities, such as youth development programs or drug elimination activities. At the same time, CDBG funded programs are under increased scrutiny, and more reporting information is requested, increasing staff time. We have no issue with being held accountable for the expenditure of public funding, but we cannot continue to offer high quality programs that truly address the needs of our neighborhoods with significant annual cuts.

In order to maintain effective programs, please fund the CDBG formula program at a minimum of $4.3 billion for 2007 and beyond. We understand the periodic need to examine formulas to ensure they are fair, but for a city with a declining population base, large numbers of vacated building of which many are historically significant, numerous brownfield industrial sites, and extremely low home ownership rates, it does not seem plausible that a cut of 25 percent is a reasonable adjustment. Ideally, formula funding could be increased to maintain funding to existing cities while boosting

those that seem to have unmet needs. In today's budget environment that may seem unrealistic, but to not reinvest in our neighborhoods and communities seems totally unrealistic.

Thank you for your consideration and thanks so much for your support of the programs over the years.

[The prepared statement of Mr. Henry can be found on page 177 of the appendix.]

Chairman NEY. Thank you.

Mr. Myers.

STATEMENT OF DONALD R. MYERS, EXECUTIVE DIRECTOR, OHIO MIDEASTERN GOVERNMENT ASSOCIATION

Mr. MYERS. Thank you, Congressman Ney. Before I start, I just would like to note, as you are well aware, four of the board members on the original panel were OMEGA members which I represent and we are honored for that privilege and that invitation. It is also good to have the Honorable Congressman Frank, the ranking member of this important subcommittee, here today. And for this privilege of testifying before this committee today, and to you we thank you.

I testify to express my comments and those of the Ohio Mid-Eastern Governments Association Board in its entirety, to seek your consideration and support to fully restore funding to the HUD Community Development Block Grant Program in the amount of fiscal year 2004 levels of $4.3 billion. In addition and most importantly, we ask that you and the committee support retraining—retaining the original mission of the program as a flexible local-driven program that provides valuable assistance to county commissioners, mayors and development directors working to improve local communities and the economic development initiatives needed in our region.

As executive director of OMEGA, I represent a Council of Governments, a local development district, and an economic development district serving 593,221 people.

At our most recent annual board meeting, 92 officials were in attendance, from a variety of walks of life, and all of them spoke of the critical importance of the CDBG program. At our most recent meeting held 2 days ago, March 22, 2006, we spoke of this subcommittee hearing, its importance. And the board in its entirety asked that we express no in uncertain terms the importance of the Community Development Block Grant Program to rural Ohio and to our region.

As a former development director in Belmont County, I have had the privilege, Congressman, of working with you on three very important projects to me and to you. You were both a state senator and a United States Congressman. We worked on $80 million Electrolytic Tin Plating Plant, called Ohio Coatings. We worked on the Shadyside Stamping Plant in Shadyside, Ohio, together at a cost of $32 million. The Electrolytic Tin Plating Plant was at $80 million and we worked on the Belmont Correctional Institution together at a cost of $38 million.

When I left Belmont County as its development director in 2001, these three projects alone had created 900 jobs, and they had a payroll and fringe benefit package in excess of $35 million. Belmont

County and its people today benefit because of these developments. These projects could not have happened, and would not have happened, without the Community Development Block Grant Program, which you are very familiar with.

Records in our office, the OMEGA office, and we do not have all records for the HUD program, but what we have found is, just in the year 2004 we had $3,015,000 for 15 county and city formula grants, $885,000 for two water and sewer grants, and $5,839,000 for 12 CHIP grants. These CDBG grants are so important to our region and to the individual counties and cities that they benefit and serve.

Our infrastructure needs today are many, not only here in rural Ohio, but throughout the country. Last year, the American Society of Civil Engineers prepared a report that addressed the 12 primary categories of infrastructure in America. The grade given by this quality group of people was a D. Both drinking water and wastewater received a grade of D. The report further states that the Nation's 54,000 drinking water systems are aging rapidly and some sewer systems are in excess of 100 years of age. And Congressman, you personally know one in our region that is 100 years of age, your former hometown. We need quality programs like Community Development Block Grant that address these issues of concern and importance.

You have done much for the people of Ohio and for the economic disadvantaged citizens throughout the United States. We ask that you continue to look out for those in need and in the shadows of life. With a very sluggish economy and three major floods that have hit our area recently, our 10-member counties need your help and that of Congress more than ever. We ask that you support these quality programs and restore funding of the CDBG program to the fiscal year 2004 level of $4.3 billion.

Again, for this privilege and this honor to speak of this important program, and on behalf of OMEGA, we thank you for this consideration.

[The prepared statement of Mr. Myers can be found on page 195 of the appendix.]

Chairman NEY. Thank you very much.

Mr. Ricer.

STATEMENT OF GARY W. RICER, EXECUTIVE DIRECTOR, GUERNSEY, MORGAN, NOBLE TRI-COUNTY COMMUNITY ACTION

Mr. RICER. Thank you very much. My name is Gary Ricer and I am the CEO of Guernsey, Monroe, and Noble Tri-County Community Action, Inc. On behalf of the residents of Guernsey, Monroe, and Noble counties, I would like to submit this testimony of the need for the continuation of funding for the Community Development Block Grant Program. GMN Tri-County CAC has administered the CDBG program for the Noble County Commissioners for the past 12 years. This program is discretionary funding, which permits the local elected officials to complete much needed projects within a local jurisdiction, which they could not do without the critically needed CDBG funds.

During the past years, we have been able to complete the following projects in Noble County:

Help purchase fire trucks for volunteer fire departments;

Purchase needed supplies for the fire departments;

Install sidewalks;

Install water lines;

Dry fire hydrants;

Demolish buildings;

Renovate buildings;

Help purchase senior citizen vans;

Purchase park equipment for small villages; and

Pay engineering fees for proposed sewer lines, just to name a few.

We have received a significant reduction in grant funds over the past 3 years, and for this rural area it went, in 2004 from $67,000, 2005 $63,000, 2006 $57,000. So you see the pattern. I am urging your support of the continued funding for the Community Development Block Grant Program.

And in summary, I would just like to say as a former county commissioner, as well, that I think it is really critical when you look at—this is the last of the discretionary monies, that I feel for the rural communities. And with all due respect, many times when State and Federal Government has allocations of funds available for disbursement they pretty much direct or tell you where those monies are going to go. But I think in this case with the CDBG and with the public's input, it really does give the voter, the taxpayer, the resident, and the communities a strong voice on exactly where that discretionary money is going. Of course we all know that it is generally ten to one the request of the monies that is available for what is to be actually disbursed, but it is really important, I know to a lot of these public and—public organization service and civic youth groups and such.

I know in the past, historically from e-squad defibrillators, to sidewalks in slum and blight areas, and from a new roof for community centers to replacing a pumper on a fire engine; that is really critically important for the locals. And what you said earlier, Congressman, to the first panel about if the guidelines are changed to look more at the poorest of the poor so to speak, the hardest to serve, the under-served and under-privileged, I feel that it would have a detrimental effect, because what that actually is going to do is, let us say hypothetically, you take 200 that were funded and you cut that back to 20 of the hardest to serve, then before you know it, the moderate income is going to be the low income. Because they are going to be affected as well. So I think it is critical if you would, with all due respect, be mindful of that fact as well.

Again, I thank you on behalf of the citizens of Guernsey, Monroe, Noble Tri-County. And I appreciate your efforts; I know the work for all of you, you have kind of got your work cut out for you as well. We are always asked to do more with less funding. So good luck and I appreciate the opportunity to testify.

[The prepared statement of Mr. Ricer can be found on page 198 of the appendix.]

Chairman NEY. Thank you.

Ms. Wesel.

STATEMENT OF CHARMEL WESEL, ACTING DEVELOPMENT DIRECTOR, CITY OF MARIETTA, OHIO

Ms. WESEL. Thank you for allowing me to speak. My name is Charmel Wesel and I am the acting development director for the City of Marietta. We currently are an entitlement community for CDBG funding. Last year, we received $505,971. This year we will receive $450,554.

To echo the sentiments that you have already heard, CDBG funds are an incredibly valuable tool in assisting our low income families. Here is just a brief rundown of a few of the programs, a few of the ways we have used our CDBG dollars. Last year we assisted 15 families with emergency home repairs. We have given 17 families the paint and supplies to paint the exterior of their homes. We helped 13 local businesses make improvements to their store fronts and provided more than 100 children with summer playground program activities, while providing five local teens summer jobs. We awarded more than 300 scholarships to families admitting them to our new Aquatic Center. We supplemented our local public transportation system with $40,000, and placed new playground equipment in two of our neighborhood playgrounds. We installed historic street lighting in a slum and blight area to provide residential safety and we assisted our local food pantry with the purchase of new refrigeration equipment. We hosted a building doctor clinic for our many residents living in older or historic homes. As you know, Marietta is the oldest city in the State of Ohio, so we have a lot of older homes. We also hosted a DART visit with Downtown Ohio Incorporated last summer that began an ongoing drive to the Main Street program in our downtown for revitalization efforts. We provided lead paint education for several families. We worked with our Washington County Career Center to create some new wrought iron trash receptacles that were placed throughout our downtown and our new bike path and planted more than 40 trees throughout a slum and blighted area. We completely reworked a city street and resurfaced a public basketball court. And in addition to that, thinking about leveraged funds, we worked with our community action program in Washington County, and supplemented their CHIP program with $40,000 of funds which go to help fund $400,000 to provide home rehabilitation efforts.

This is not a complete listing of the projects we did last year, but it is very indicative of just how valuable the dollars are that we receive from CDBG every year. Please do keep in mind that all of these projects are done in areas that have been identified as low income or slum blighted areas, using census tract data.

We are very fortunate to receive these funds. Their flexibility is crucial in allowing us to create the programs that will directly impact those low income residents who really do need our assistance.

A brief example of the wonderful flexibility of the CDBG program came to light following the two devastating floods we suffered in September of 2004 and January of 2005. These floods ravaged our town affecting some 300 plus businesses and thousands of residents. Most of the residents affected were low income. It affected our trailer parks and some low income housing areas that were directly in the flood plain. A lot of trailers were destroyed; homes were completely flooded out. FEMA came to assist us but they

could not really provide the adequate funding that we needed. We were, as a city, able to move funds in our CDBG program directly into our emergency repair program to assist those homeowners with new furnaces, new hot water tanks, new electrical, whatever they needed. We also created a new project in our CDBG funds to help flood-affected businesses. We provided $1,000 apiece to over 35 local businesses to help them get back open as quickly as possible.

I do not know of any other Federal program, and I am new to government, but I do not know of any other Federal program that would allow that flexibility with the same funding in such a short time frame. We were immediately able to react and respond to the needs of our citizens.

One other issue to address is a little bit more specific to our region. Appalachian Ohio continues to lag behind the rest of the country in terms of economic growth. I hear every night on the nightly news that our country's economy is growing; our local economy, however, remains stagnant.

We continue to have homeless issues resulting from the floods. Many of our homeless are going unreported; they are sleeping on their friends' sofas or sleeping in their cars. Gas prices continue to stick at $2.50 a gallon. Our population in Marietta is shrinking and our employer base is declining as well. Our manufacturing base has shrunk dramatically leaving what few job openings are available only in the service industry, which means lower wages and fewer benefits.

These items affect our city government's pockets pretty deeply and that means we can provide fewer infrastructure improvements and services. CDBG is our strongest hope to provide much needed assistance to those in dire need. While I realize that our Federal Government has to be fiscally responsible, CDBG is not the area in which to make such drastic cuts. Unfortunately the reality of life for our low income citizens across the country is this, a one time assistance from a CDBG fund will not move them out of their low income lives. CDBG is, and must remain, an ongoing flexible funding program to allow communities to help those in need. Whether that is creating jobs, providing funding for home repairs, or maintaining an adequate infrastructure. CDBG answers all of those needs and more. I urge you to look for other alternatives to find the funding to balance the Federal budget. Do not take away from those who already have nothing to give.

Thank you very much for your time, I appreciate it, thank you.

[The prepared statement of Ms. Wesel can be found on page 207 of the appendix.]

Chairman NEY. Thank you. A very good panel and I appreciate all your time.

I wanted to mention on the floods, we have, we meaning the staff in Washington, in fact had a hearing way ahead of the curve prior to Hurricane Katrina on flood insurance, was it in Tuscarawas County, I think?

Mr. RILEY. Last August.

Chairman NEY. Last August, so we were ahead of the curve. We all know more than we want to know maybe about flood insurance laws now. And the House placed flood insurance with some reforms, I only mention this because in our area it is flooding too.

You have not only got it in Cincinnati, you know, in other river areas, in Tuscarawas County, all over the place. But we put some reforms in that and the Senate did not move. Now, we did another round of flood insurance.

But FEMA too, we are trying to find out, you know, what FEMA does and does not do to help and they do some things to help and some they do not. So, I wanted to mention one in particular, on Powhatan Point, Ohio, we—FEMA, the trailers would be moved, be pulled, trailers and not modular, would be pulled away and then the water would come up. And then when they went to bring them back, FEMA said, well, you can bring them back, but you are going to put them on 30 foot blocks and then you have to run the plumbing up, you have to spend thousands of dollars for the trailer.

Well, the point was no, when we know it is going to flood, the river does not really flash flood, and—but we can just pull them out. And it just so happens, I just want to tell you, Clinton Jones, and Cindy, and anyone else who worked with Mr. Beerider at the time, they put the amendment in to force FEMA to let you pull those trailers out of Powhatan, across the United States.

I just thought I would mention that. So, they did do that, so we try to look at some of the situations, the block grants are good too, for the flexibility of the flood. That is what we have done with the Gulf States now. They have an appropriation for block grants, they can use it in various ways. Some of them are using it maybe retroactively on flood insurance, and some are using it for direct payments for the houses. So, I think the flexibility aspect of the block grant, during Katrina, of the horrible thing—our subcommittee, by the way, went there. We were the first subcommittee of the House, period. Well, the first committee of any type to go down there and view it, you know, and to have the hearings down there. So, I think the flexibility of block grants and applied right into Katrina was the better, quicker way probably to do a lot of things to help.

I was going to ask about Cincinnati and that is 39 percent, do the vacant buildings have something to do with the home ownership rates?

Mr. HENRY. While the city, as I mentioned, was the sixth largest in the country many years ago, but, you know, it is kind of down. It is not in a flood plain, but there is the flat area between the hills there, so the population is very dense and—and it led to the development of a lot of rental units, or older housing that is kind of obsolete and they have been turned into rentals. And as people earn more money and could afford a home, they moved out to the suburbs. So now, we have an inner city that only has a 39 percent home ownership rate and, you know, that is far below national average. I am forced to try to sustain a community, we have to do something about that. And that is why—

Chairman NEY. That is why the District of Columbia, Washington, D.C., which is a very high cost area, obviously to buy and I think it is 50 percent—50 percent would be home owners, so I was just—

Mr. HENRY. Yes, and we are not that high of cost. I do want to mention the flexibility of block grants. We have a number of Katrina families who were relocated to Cincinnati that—and we are using block grants to help them through the transition and

with their FEMA assistance, and we do have people now, in fact just yesterday I received a report of five families who have bought houses, so they are now going to be residents in Cincinnati from the Gulf.

Chairman NEY. I saw something on television about that, too. The first families who came up, I saw something on TV, they came to Cincinnati, this was 6 months ago.

Mr. HENRY. It is helping reverse our population decline. We put them in homes.

Chairman NEY. One thing we noted earlier too, for Section 8 purposes that, you know, FEMA, we had stipulated that some of the funds would have to go to HOPE VI and some different ways they were going to spend their money. And Congress on a bipartisan basis had agreed that they would spend, I do not remember exactly what we appropriated, we had HOPE VI, what else was there, do you know?

Mr. RILEY. A variety of HUD programs.

Chairman NEY. And we said, here is the FEMA money that is going to be spent down at the Gulf and here is how you are going to spend some of it. So we had directed it. And I think too, if you are dealing with Section 8, the Congress has to be careful because as emergency vouchers were provided for people to, you know, go across the United States and take that emergency voucher, go to Cincinnati, Columbus, or Seattle, wherever people went, although, I personally think people need options to remain there, if you want my opinion. I think that, you know, in Mississippi there are 30,000 trailers so people could remain there and rebuild and, in New Orleans, there are 2,000 trailers. And there are a lot of reasons I can cast the third sin fed, third sin state, third sin local city. And if you wanted to do that, but I just think that if people, you know, did have to disperse across the country and did not have the option unfortunately to stay at home, they need that Section 8 and those vouchers to follow or as we create emergency vouchers, we have to be careful later on in future Congresses that somebody does not come back and say look it is a tight budget and those emergency vouchers came out originally out of this pot of money. Now we are going to make HUD assume that cost, and therefore, you short communities on your standard vouchers that were out there. I think in my opinion that is something that we have to watch.

Anybody want to just mention anything else about the brownfields, do you work with the brownfields?

Mr. GREFE. In Toledo, which is a classic midwestern industrial city, brownfields are dominant—they play the role as an immovable storm cloud that hangs over neighborhoods, and they can either be vacant land itself or simply abandoned buildings. So brownfield redevelopment is a profoundly important part of our rebirth. It represents an opportunity for very efficient and high impact use of the existing infrastructure, rather than—you know, I do not want to get into a big long discussion about sprawl versus—but when you can reinvest in those old parts of the community where you have already have an infrastructure that the public through its taxes and its local jurisdiction has to support anyway and you cannot not support it any more. It is very good government to promote the reinvestment in those areas where possible.

One additional thing to consider about brownfields that we learn the hard way a lot of the time is, most of them seem to be 19th and early 20th century configurations. The 21st century economy has a different set of needs, and so when we think about rebuilding brownfields, we are actually talking about reinventing our industrial base. The kinds of industry that today would use something that was configured to be a factory in 1895 and its location and so forth, is going to be a very different kind of industry, but it represents opportunity for creativity. So it is very important not to lose that resource.

Chairman NEY. Mr. Henry.

Mr. HENRY. Well, you know, going back to Cincinnati's history as an industrial community, we have lots of inner city brownfield sites and all that need to be redeveloped and, you know, all the good reasons about trying to eliminate sprawl and all that. Also, we have the infrastructures set up for it, you know, the Ohio River still transports a lot of commerce. We have two interstates, we have a very active airport, so it's important to continue to have the reinvestment there in the city.

But one of the things you were asking earlier about private dollars being leveraged, we do not find a lot of difficulty in getting companies to come in and, whether they are doing manufacturing or, you know, whatever their business is, if we can come in and hand them a clean site. But it is getting those properties, getting them cleaned up, pulling in the resources and it takes a city to be able to do that. A private business just cannot take that risk of going in and acquiring a site and not knowing if they are going to run into PCB's or asbestos and get it tied up, that could be devastating. And so we have a very active brownfield program, we modeled it after one that has been very successful in Chicago and we are turning properties over regularly, large pieces so that we can attract people back in and put them right on route 50 or I–75 or whatever.

And I find too, I mean, you know, it is not just Cincinnati, I had the same kind of problems in Newark, they were certainly on a smaller scale, but every community has some old mill or some old plant that dumped something and that land would be perfect to do something with. But a private business cannot go in and do it. It has to come in, you know, we have to be the ones that do the clean up.

Chairman NEY. We found that out now in refineries. The bill that I supported in the past, the Federal Government will actually build the refinery, go through the permitting process etc., with itself. And then it will be sold to the private sector. We have not built a refinery since 1976, there is a reason, either government then mandates you, the company will build the refinery, which you cannot do or we build the refinery or we fast track it so that they will have an incentive to build a refinery. So, you run into these problems everywhere.

New Orleans, the Army Corps was telling people that you need to, or here is what we want you to do with the levees. The companies came in, the companies got sued immediately by groups, and the companies said fine we do not have to be here. So, you know, you are running into this, and I think that the governments or the

development groups give, you know, a bit of a push in there with a better feeling to be doing developing.

Has anybody ran into problems of—I am just curious, about permitting, getting the studies done, the environmentals, or does that run pretty smooth?

Mr. MYERS. Congressman, they are difficult but in many cases they need to be difficult.

Chairman NEY. Because of the past history?

Mr. MYERS. Exactly. It is a quality program and, you know, as it is right now it could be slightly better, but we also need the guidelines. And we will follow the guidelines believe me, just to have the worthiness of the programs.

Mr. GREFE. We do not want to lose the resource.

Chairman NEY. I want to ask about capacity building, you had mentioned that, is that the 1994 program?

Mr. DOWNING. Correct.

Chairman NEY. Senator Bond?

Mr. DOWNING. Correct.

Chairman NEY. Okay, so that is back in my youth, 1994.

Mr. DOWNING. Yes.

Chairman NEY. Yes, and it has certain provisions of, you know, who can be involved in it?

Mr. GREFE. That is correct.

Chairman NEY. Now you want to just expand on that a little bit?

Mr. DOWNING. Sure. Basically the Section 4 program, as you mentioned, originated back in 1994. The program right now in the past year has contemplated $26.5 million, which is really divided between Enterprise and LISC to support specifically on-the-ground capacity building activities. And what we do in Columbus is invest a great deal of the money in the capacity, the ongoing day-to-day activities of community development organizations. Those folks are the best, most in tune with the needs of their neighborhood, their communities. We in turn work with them to effect housing, to effect change, be it commercial revitalization or whatever they need. So that money really serves significantly and the leverage amount that I gave you was specifically for Section 4, and I think it is really prudent of—it is a highly effective program. Because we will use it with the private sector. We go to the banks and we show the investment that is being made by the government and then we leverage that at a minimum, three times. And then in our local programs we are seeing numbers that Hugh was talking about, the $7 to $8 being leveraged by a single dollar of Section 4 funding.

Mr. GREFE. As I think you are aware, the Section 4 program is the one that is scoring, the park scoring is rated as the highest performing HUD program, that may be a result of being a fairly modest one. So, without hoping to be argumentative at all, we would hope that this little $30 million, now $26 million program would not get lost in the rounding somewhere. It is a highly effective program and it is the best rated program in the department. It is also powerful, because we are able to be value added with it.

What Phil is saying is that, at least what we do with it in Toledo, is we are able to take the baseline, which the City of Toledo is willing to invest in CDC's, you do not have as much money as the cities block grant allocation makes available. But we are able to add

an extra layer that we can be careful about targeting. So it can be all about whatever the necessary competitive edge is or moment of excellence, whether it is training, computer capacity, there is a whole lot of things we can do to help those get really first class impact.

Chairman NEY. Don Myers mentioned about, and I was asking a question about wireless. I know that you had a project $300,000, I think it was, for that high speed wireless?

Mr. RICER. High speed wireless, $383,000.

Chairman NEY. Two years ago. I just wondered for the more rural areas, or parts of the urban areas too that may not be up—up to speed. A lot of people and it is my opinion too, if you can wire and provide the high speed, you are ahead of the ball game there. There is a company in Wheeling, West Virginia, and a law firm has come from San Francisco and hired, I believe, 20-some people, paying an average of $46,000, which down here is a lot. And it may not be a lot to you all with the fortunes you pay for your houses and, I feel bad for you in D.C., but a lot of money. And they do all of their billing out of there right now. And they do payroll and the law firm in San Francisco is saving $4 million a year by doing it down here, because they would have had to pay a fortune on rent out there. A house that cost $100,000 here is $1 million out there. The cost of the salaries would go up because of the cost of the house. That is all because they got the wiring down there. And I just wondered if anybody use—yours was a direct grant?

Mr. RICER. USDA through Rural Utilities.

Chairman NEY. Does anybody use CDBG in any way to—for wiring, I call it wiring. I am a teacher by degree, a history teacher, so I call it wiring. Getting it up to speed.

Ms. WESEL. We did a weekend—we have a festival every fall, and we did just a trial run, we brought in a company and we used CDBG funds to actually purchase or loan a camera that we put right downtown at the levee, right where the festival is and also used CDBG funds to buy, I believe, some of the—I cannot recall exactly, that was right before I came on board. We bought some pieces of the puzzle to use for that weekend. And so that we could have that in place hopefully to expand and make this a permanent fit for us. Because we do not have, we are severely lacking in broadband and wireless.

Chairman NEY. I just think with kind of the high tech industrial parks, and I want to close here. I do not want to hold you, but just a couple of things I think, I know you talked about with the LDD's, some of you. When we got—when 9/11 occurred it made us start to think about our systems. When the U.S. House got anthrax and the three office buildings had to close and 10,000 people had to move around D.C., our computers were over in the Ford Building, and nobody could get in there because they were searching for whether it was anthrax or not. They developed leaks inside. And so they had to send the—the EPA detector people in to act as plumbers. And the leaks were coming down through the computer systems. We had no redundancy. There was no second grid. All the information at the U.S. House would have just evaporated or vanished if something happened within there. In fact we had to encase—where the daycare center was had to be encased in concrete,

because that was where the anthrax came through. So, it taught us a lesson about redundant systems. Then it taught—maybe I putting in much more information than you want to know.

Mr. MYERS. My son was going to daycare.

Chairman NEY. His son went to daycare. It is gone, it has been encased and removed. I am sorry, Don, you are fine. And that is not classified information. No, it is fine down there. But anyway—I never talk about that, it would scare people. But we learned too, maybe things ought to not be all in D.C., or New York. You know, the trade center, or L.A. I think areas have opportunities in other cities, whether you are a large city or whether you are a small area. If you are wiring equipment there might be something in the future that the government might continue to have their systems outside of one central center.

Mr. RICER. In remote areas.

Chairman NEY. I just thought I would throw that out there.

And one other thing, Don Myers too, I will tell you, he said about the prison it is true. He was viciously attacked as were the commissioners for building onto that piece of land that sat there and nothing was on it. And all of a sudden somebody says, let us put 900 jobs on there. Well, the same thing happens today, if you go to a community sometimes and you build the system, well, what are you building it for. It is building it for a reason. So, you know it is a good thing to do, it is preventive.

Mr. MYERS. Could I bring up one item, we did not want to speak individually about line items, but after the last meeting, three mayors and two development directors came up to me and asked if I would report it today. A line item for demolition, you know, that is a tough issue, but we ask that and—and the mayors and the development directors wish that that line item, major importance on the riverfront, that that line item if possible stay in the CHIP program. There are tough guidelines on it. We are willing to follow the tough guidelines, but we need the right to tear down houses that are beyond repair using CHIP dollars if at all possible.

Congressman, the final thing, your friend and mine, Ann Pope, donated $500,000 from Washington in discretionary for the three floods. And the floods we had in 2004, we are just starting to use those dollars right now. FEMA came in and did an environmental on each and every one of those damaged properties. And because it was ARC dollars coming to the State of Ohio we had to go out and do all new environmentals on activities that are just replacements. And, you know, those people needed that money. This act of kindness and it was, in getting the approval and everything else, and to help the Powhatans and Columbiana County, and Jefferson, and Belmont County, and the world of Mariettas, we are just starting to use those dollars now because we had to go out and do all new environmentals. We did not accept FEMA's environmentals. And, you know, I know that those are difficult times, but you know, sometimes we just shake our heads when action like that, we understand the importance of environmentals. But there are times when, if one government organization does it, why can we not accept it?

Chairman NEY. Sure, I understand.

I want to thank you all for your time. You have come long distances, and from a wide variety of backgrounds, which is the purpose of this hearing. And we have from larger cities, development corporations and everything, rural areas, that helps us. And I believe it helps us and I believe it helps us as a State, to go back, Mayor Coleman sent someone today to Knox County. So, I think it is a wonderful—we have the larger cities and I think it is a wonderful partnership with the rural areas. Our next hearing again will be in Los Angeles, we think Los Angeles will mimic here, although a larger place, and will help us and try to stop the cuts. I will also tell you in closing that it is not going to be easy. I looked through the budget, there are things that are funded with increases this year, so I do not understand why it all comes out of the CDBG. We have to push, because if it is a 25 percent cut and then they say well, we will only cut it 10 percent. Well, that is 10 and 10 from the previous year, so that is 20.

And the other thing adverse to this, if we are building our economy these are truly monies that go to build the economy. This is—not the place, you know, to cut back on.

Ms. WESEL. Exactly.

Chairman NEY. Maybe another mission to Mars in the next 2 years we will not do that or something. I really believe a lot in these funds. You helped us a lot by making this official testimony, we can take it back. I want to thank all of the staff for your time and diligence, thank you.

[Whereupon the hearing was adjourned at 4:25 p.m.]

A P P E N D I X

March 24, 2006

Opening Statement of the Honorable Bob Ney
Chairman, Subcommittee on Housing and Community Opportunity

Hearing on

"Strengthening Ohio: A Review of the Community Development Block Grant Program"

Friday, March 24, 2006

I would like to welcome everyone this morning to Mount Vernon, Ohio and I would like to thank the Knox County Board of Commissioners for allowing this Subcommittee to use its public hearing room for today's important discussions regarding HUD's Community Development Block Grant (CDBG) program.

The CDBG program, administered by the Department of Housing and Urban Development, is the federal government's largest and most widely available source of financial assistance to support state and local government-directed neighborhood revitalization, housing rehabilitation, and economic development activities. These formula-based grants are allocated to more than 1,100 entitlement communities (metropolitan cities with populations of 50,000 or more, and urban counties), the 50 states, Puerto Rico, and the insular areas of American Samoa, Guam, the Virgin Islands, and the Northern Mariana Islands. Grants are used to implement plans intended to address local housing, neighborhood revitalization, public services, and infrastructure needs, as determined by local officials with citizen input.

President Bush's FY07 budget proposal raises some interesting and serious questions about what role community development should play in helping local and state governments provide safe and affordable housing to its constituents. In addition to recommending a new formula change for CDBG that focuses more on the neediest communities, the Administration recommended a funding level for FY07 that is 27% below last year's enacted levels.

HUD's community development and housing programs build homeownership, support neighborhood revitalization, and increase access to affordable housing. These activities not only help individual communities, but also strengthen our nation's economy as a whole. Last year, well over $1 billion of CDBG funds were used for housing, resulting in homeowners receiving assistance to rehabilitate their homes, families becoming 1st-time homebuyers, and rental housing units being rehabilitated. In addition to housing, CDBG serves as a valuable tool for infrastructure enhancement, job creation, economic development, and public service projects. Without adequate funding from CDBG, critical improvements such as new storm sewers, road widening, and job development programs would not have taken place.

My goal as Chairman of the Housing Subcommittee is to make certain that the Department of Housing and Urban Development remains focused on housing and community development and that it has the tools necessary to continue to provide safe, decent, economically viable communities for our citizens. With such a significant decrease

in CDBG funding levels, I question whether the Department will continue to meet these admirable goals.

Last year, I was very vocal in my opposition to the Bush Administration's ill-fated proposal to move CDBG over to the Department of Commerce. The CDBG program is based on the concept that local communities and states can best determine priority community development needs and then develop strategies and programs to address those needs. This local flexibility is a hallmark of the program. CDBG helps create a web of programs designed to strengthen our communities, and all need adequate funding to be successful.

For today's hearings, I have pulled together a wide assortment of leaders from our local communities. I hope everyone will join me in supporting full-funding for the CDBG program so we do not jeopardize the ability of countless moderate-income communities to create jobs and affordable housing opportunities for lower income working families.

CDBG Hearing
U.S. House of Representatives
Subcommittee on Housing and Community Opportunity
March 24, 2006
Mt. Vernon, Ohio
Testimony of David E. Calhoun
Director of the City of Newark Department of Community Development

Good morning, Mr. Chairman and members of the House Subcommittee on Housing and Community Opportunity, I am David Calhoun, Director of the Newark Department of Community Development. On behalf of Mayor Bruce Bain, I appreciate the opportunity to address the importance of CDBG and the potential impact cuts will have in Newark, Ohio.

Our community of 46,279 (2000 U.S. Census) serves as the largest city in the 18th fastest growing county in Ohio. Newark also is the county seat and the location of all services in Licking County.

Newark is a community comprised of over 51% low to moderate income people. HUD categorizes us as an entitlement community. Our Five-Year Consolidated Plan guides our use of CDBG funds. Our identified high priority needs are the result of an intensive comprehensive assessment involving many facets of the community. My written testimony outlines the priorities in Newark.

High Priority Needs (not ranked in order of importance)

Housing rehabilitation for very low-income renters and homeowners
Rental assistance for very low and low-income renters
Lead based paint abatement
Emergency shelter for the homeless
Transitional housing for the homeless
Down payment assistance for very low first time homebuyers
Supportive services for homeless individuals
Energy efficiency improvements for very low and low-income owners
Code enforcement and property maintenance enforcement
Construction of affordable housing for very low and low income renters and owners
Handicapped access for very low, low, and moderate income renters and owners
Youth center
Health facility
Asbestos removal
Water and Sewer improvements
Sidewalks
Flood drain improvements
Handicapped services
Transportation services
Substance abuse services

Fair housing and landlord-tenant counseling
Employment training
Health services
Youth services
Senior services

Clearly, the cornerstone of the CDBG program is that it based on a needs assessment conducted at the local level. This is vital in developing and implementing a strategic plan. We at the local level can best assess the challenges facing our citizens and service providers. Too many federal and state programs have homogenized mandates that forces a square peg in a round hole in order to access funding. That has never been the case with CDBG and that characteristic is key to its effectiveness and value. Washington does not know the needs in Newark, Ohio. The flexibility inherent in the makeup of CDBG allows us to make effective use of federal dollars. CDBG is also results oriented. We have accountability as to how the funds are spent and how they impact our citizens.

In Newark, over half our housing stock is pre-World War Two. For many years our focus has been to preserve existing housing, assist in the development of affordable housing, and prevent homelessness. We also implement a lead hazard removal program so that we can save our older housing and prevent disabilities in children who are unknowingly are at risk due to lead paint.

Our major focus is to prevent homelessness and preserve the existing housing stock. We attempt to accomplish this goal through a variety of programs such as rehabilitating housing, providing emergency repairs, and assisting the local chapter of Habitat for Humanity. By leveraging our federal and state resources, we offer homeownership opportunities to low income persons and build new and safe housing stock for a segment of the population that is often forced to live in substandard, unsanitary, and unsafe environments.

Perhaps one of the most understated aspects of CDBG is the collaboration it encourages. We work with numerous social service agencies and non-profits in order to maximize resources that help people with a variety of needs. Together we can provide a greater impact because CDBG is present. Without it, many people will suffer and so will our community's overall ability to address major issues such as housing, economic development, and prevention of slum and blight.

Local governments, private non-profit entities and social service agencies cannot absorb further cuts in CDBG funding. The City of Newark just went through a layoff of city employees; area employers have also suffered tough economic times. The result is a reduction in tax revenue, which in turn impacts our municipality's ability to provide basic services and improve the long-term economic development of our community and the quality of life for its residents.

Removing set asides, such as the Brownfields Economic Redevelopment Initiative, Rural Housing, and Section 108 Loans and pushing them into CDBG will have a crippling impact. A forced combination as recommended by the President's plan essentially forces the elimination of vital programs nationwide.

In addition, the Administration's push for homeownership does not necessarily meet the needs of every community. Homeownership is not the best option for everyone. Frequently, low-income individuals do not have adequate resources to maintain a home. Limited means also results in limited choice of homes. Many need massive rehabilitation. Blindly leading someone down the path of homeownership can in the long run ruin someone financially who never should have been a homeowner.

An even larger problem is the increased rate of foreclosures and predatory lending practices. Ohio has a terrible rate of defaults. In Licking County the number of foreclosure filings increased by 549% between 1994 and 2004. That problem needs to be addressed with much more intensity than using an effort to tie CDBG bonus funding to increasing homeownership opportunities. Sustainability of homeownership is far more important than inflating the number of first time homebuyers.

Newark not Washington or Columbus develops its comprehensive multi year Consolidated Plan. The strategy to identify local needs, prioritize them, and implement programs to achieve measurable objectives and results make CDBG so important. Our niche for CDBG is largely focused on the prevention of homelessness and preserving the existing housing stock. Further cuts cannot be absorbed by any other means. The results of additional cuts will be to increase the volume of homelessness, further deterioration of our community, its infrastructure, and its ability to attract jobs, a reduction in the quality of life for residents, and a potential for an increase in crime.

I would like to touch on several important programs in Newark that will suffer if CDBG incurs more cuts. There is nothing to fill the gap for home rehabilitation for low to moderate-income folks. We help those who often don't have a voice. We help persons stay in their homes through our deferred low interest loan program. For over two decades, Newark's CDBG has helped the elderly and persons with disabilities live in sanitary and safe housing. We just completed emergency repairs to the home of a blind couple. As a result, they can maintain their independence and live in a safe environment. Without our intervention they could have faced homelessness.

The City has also established a CDBG partnership with Mound builders Guidance Center to develop a job-training program for persons with disabilities. This alliance results in people gaining employment. They in turn are contributing to the economic stability of our community, achieving a level of independence that is tied to being a wage earner, and also preventing homelessness because they can help put a roof over their own heads. Without CDBG, the community would not have the resources to implement such a creative endeavor.

Public services also play a key role in Newark's use of CDBG. For example, we were able to leverage funding with CDBG and Issue Two dollars from the State of Ohio for several major sanitary sewer projects. Approximately 450 homes were impacted. Where would the low-income residents of these homes go? CDBG provided people sanitary housing, improved the property values of their homes, and contributed to major upgrades in the city's infrastructure.

The ability to leverage funding cannot be overstated. Every dollar invested in CDBG has a multiple rate of return. The matches we provide for homeless prevention programs and infrastructure projects result in accessing thousands of additional dollars. Our local homeless prevention agency has obtained multi million dollar grants because the city of Newark has provided CDBG dollars as the local match.

We are currently in the second year of a five-year Consolidated Plan strategy. Our coordination with other community resources will be irreparably damaged if cuts are made. There is no other source of funding to make up the difference.

CDBG has endured a 15% cut over the past three years. The impact of those cuts in a precarious economy inflicts long-term damage to communities nationwide. Additional cuts, now mentioned at 27%, would be devastating to Newark.

Communities the size of Newark needed to be treated fairly when it comes to funding. Often there are factors beyond our control, which influence our ability to access federal and state dollars. It is important that small cities and rural areas are not ignored if any formula changes take place. Yes, large urban areas have needs but there are a lot of people and places in between New York, Washington, Chicago, and Los Angeles that also have needs and deserve representation and assistance.

CDBG has a thirty-year history of reaching out and delivering services to millions. Limited means should not result in limited opportunities for housing, jobs, and services. CDBG has helped in Newark assist members of the community who would otherwise fall through the cracks. It is a results oriented program with performance standards and accountability.

CDBG is not a handout; it is a helping hand. I hope the Congress and the Administration will not slap the hand but continue to extend it to the people of Newark.

Thank you for the opportunity to provide testimony before the House Subcommittee on Housing and Community Opportunity.

Witness testimony for Field Hearing on
"Strengthening Rural Ohio:
A Review of the Community Development Block Grant Program"
Subcommittee on Housing and Community Opportunity
Committee on Financial Services, U.S. House of Representatives
Friday, March 24, 2006 in Mount Vernon, Ohio

Introduction

My name is Patrick L. "Pat" Crow Sr. I reside at 511 Richard St., Danville, Knox County, Ohio. I have been working in Knox County area community service and development positions since 1987. My wife, Sandra L. "Sandy" Crow, and I operate a family company, Downtown Options Corporation, through which we provide development, planning, and organizational consulting and management services to communities and organizations in the Knox County and surrounding areas. I also work part time as the Executive Director of the Knox County Convention & Visitors Bureau, a not-for-profit destination marketing and destination development organization accountable by contract to the Knox County Commissioners.

I am currently the Community Housing Improvement Program (CHIP) Inspector for Knox County and for Mount Vernon. CHIP is a Community Development Block Grant (CDBG) funded program, administered through the Ohio Department of Development's Office of Housing and Community Partnerships.

I also work closely with the organization that promotes the restoration of the Woodward Opera House in downtown Mount Vernon - a social, cultural, and economic development project partially funded using CDBG dollars.

Previous to serving in these positions, I was the Downtown Project Manager for the City of Mount Vernon. I prepared the applications and implemented three CDBG funded downtown revitalization grant projects.

I was the Mayor of the Village of Danville for 12 years where numerous public waste water, storm water, and potable water projects were completed. Almost all were made possible through the assistance of CDBG funded grant programs.

I appreciate the opportunity to provide testimony today for the continued support of the Community Development Block Grant (CDBG) program at the current funding

levels. I believe this support is particularly vital to the social and economic development of small rural communities throughout Ohio, and indeed throughout America. The infusion of this CDBG program money into these crucial projects stimulates economic growth, helps small communities preserve existing services, adds necessary infrastructure, eliminates community blight, and helps property owners save their property from eminent decay and dilapidation.

The benefits to our Knox County area communities have been enormous over the many years of the CDBG program. I will summarize four areas for which I have personal experience and the impact of the CDBG dollars therein:

Downtown Revitalization

In downtown Mount Vernon, three major CDBG revitalization projects were implemented and completed. The overall work utilized $1.06 million in CDBG funds. This CDBG investment stimulated over $4.18 million of other public and private investment. This programmatic approach encouraged the city, the local development organizations, and the individual property owners to work together, literally saving the economic fabric of this important central business district.

A community is never "done" with downtown revitalization, it is a perpetual and ongoing process. The National Trust for Historic Preservation's National Main Street Program, the model for central business district redevelopment efforts, is being implemented in Mount Vernon as a direct result of the CDBG downtown revitalization programs. These efforts have also resulted in heavy investment, by individuals and businesses, in our downtown building inventory. These "local" investors are committed to the "long haul" type efforts needed to assure the continued economic growth of the downtown well into the 21st century.

These profound local redevelopment investments were spawned by the CDBG contributions, and also resulted in Mount Vernon being awarded the Ohio Governor's Award of Excellence for our downtown redevelopment efforts.

The Woodward Opera House

When you have "America's Oldest Authentic 19th Century Theater" sitting in the middle of your county seat's downtown, a community would be negligent if it did not put

its full efforts into restoring it to its original luster, thereby bringing it back into full utilization for the benefit of the community. And that is exactly what is happening. The initiative that started the project had its beginning with a Community Development Block Grant to replace the leaking Woodward roof.

Certainly donations, grants, and contributions from many will be required to bring this facility into full occupancy, but it may not have even started if the structure had not been preserved from eventual deterioration, largely because of CDBG dollars. CDBG money also helped stabilize a weak portion of the masonry walls to assure a solid structure for the new roof system.

Once the Woodward restoration is complete, it is projected that the programming and retail expansion will stimulate over $1 million annually in increased economic benefit to the community. It will become the keystone for the future development in downtown Mount Vernon, thereby assuring a retail and restaurant based downtown economy, maximizing property use and assuring higher property values in this historic district of the community. Indeed, downtown Mount Vernon will become a model National Main Street program.

Local Community Grants

There are literally millions of dollars that have been invested in the aging and decaying infrastructure in every small town in Knox County and in Mount Vernon. These communities would never have been able to serve their constituent's needs without the investment the CDBG program.

CHIP – Ohio's Community Housing Improvement Program

I have been the inspector and construction coordinator on over 60 individual CHIP projects in Knox County and in Mount Vernon. These programs are planned and administered separately by the City and County, but the substance and implementation are the same. The program is designed to serve the needs of the client property owner to perform emergency repairs to their homes, as well as to completely bring selected homes up to current building codes.

This has been a most humbling experience for me. I often see folks in circumstance that cry out for relief. I found a hole in one roof so large you could stand

by the client's bed and see blue sky through the fallen down plaster ceiling and the gaping hole in the slate roof shingles. In several cases, we found ourselves contracting to clean up lead based paint contamination in homes where little children were potentially being poisoned by this harmful substance so plentiful in old houses. We have, for just a few dollars, moved appliances to the upstairs of houses so the elderly can continue to live at home and not burden their family or the government by moving to assisted living arrangements. We have replaced dangerous furnaces, leaking hot water heaters, and collapsing basement walls in homes with single mothers working full time to support their children. We have replaced and repaired countless roof leaks, fallen gutters, and installed new toppers - so the elderly would not have to climb ladders to remove the fallen leaves that plug the downspouts resulting in severe home deterioration.

We have helped young couples buy their first home and made certain that the current building standards are met to assure the longevity of their stay. We have helped the handicapped build ramps, constructed fire exits to assure the safety of children living in upstairs apartments, repaired plumbing, and replaced floors to eliminate the health hazards from dangerous sewage soup holes in deteriorated basements.

We have replaced frayed electrical wiring and electrical boxes hot from overloads, to bring clients homes up to safe living conditions. We have covered, contained, and re-sided a home that was shedding lead base paint particles all over a neighborhood full of children playing nearby. We replaced a furnace for a couple where the way-too-young wife was going thru the excruciating experience of chemotherapy treatments for her cancer.

Conclusion

Well, I could go on, but if you want to know how important this CDBG program is, just go talk to these folks. Almost without exception, they are the most grateful group of Americans that I have ever known, thankful for these seemingly small and insignificant grants. I am a taxpayer and a registered voter in this fine community. If I was able, I would cast my vote to have this CDBG program continue. It's one program that is really making a difference in the lives of thousands of Americans.

And it has made a difference to me. I have learned that the deteriorated circumstances that I find in many of these homes are really no one's fault, it is simply a

part of life that just happens. And I believe that we all have a responsibility to make a difference in these people's lives, in these kids' lives, in these grandmother's lives, in the lives of the sick, the ailing, and the frail.

Mr. Chairman and members of this committee, please campaign for the continued support of the Community Development Block Grant Program as it is currently funded. In addition, do not allow the dilution of CDBG funding through the inclusion of unrelated programs that have previously been funded otherwise. This important CDBG program has a huge impact on those that are being served and must continue.

Thank you for the opportunity to address the committee today at this hearing.

Witness testimony by:
Patrick L. "Pat" Crow Sr.
511 Richard St.
Danville, Knox County, Ohio

CITY OF HEATH

Daniel L. Dupps
Mayor

Keith B. Alexander
Auditor

Richard S. Bindley
Director of Law

1287 Hebron Road • Heath, Ohio 43056 • (740) 522-1420 • Fax (740) 522-6324

Location: Knox County Commission Hearing Room, 117 E. High Street, Suite 161, Mt. Vernon, Ohio

Testifying: Mayor Daniel L. Dupps – City of Heath, 1287 Hebron Road, Heath, Ohio

Given to: The Subcommittee on Housing and Community Opportunity

Subject: The Friday, March 24th hearing entitled "Strengthening Ohio: A Review of the Community Development Block Grant (CDBG) Program"

The City of Heath is considered an acquired city under Licking County's Small Cities Community Development Block Grant (CDBG). As an acquired city, we automatically receive roughly $47,000 per year in CDBG funds for infrastructure improvements. Since the City of Heath started receiving CDBG funds in 1985, we have been fortunate to receive $657,200; of that $538,193 was expended. With that $538,193 we were able to leverage an additional $43,401 from other sources to upgrade our low-moderate neighborhoods with tornado sirens, fire hydrants, curbs, sidewalks, and street improvements.

Without these funds we would not have been able to do many of these projects, much less leverage for bigger projects.

It goes without saying, "If there is a reduction in funds, every County, City and Village in the United States including The City of Heath will lose a valuable and much needed funding source." Also if the funds are reduced, then across the board, everyone's funds will be reduced. Less funds – fewer projects. Less projects – more deterioration.

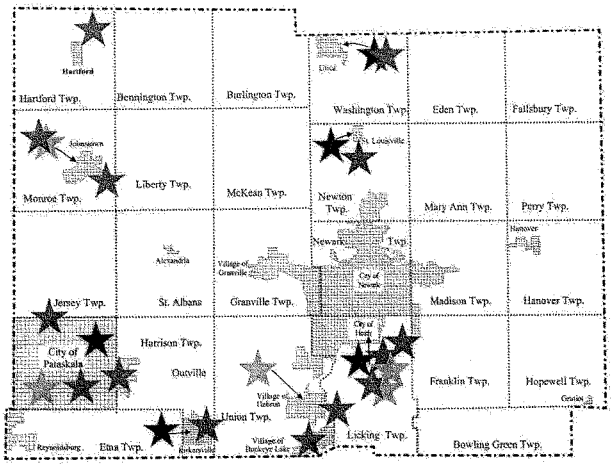
One final point:

Heath has been able to attract numerous businesses to our community in the last 20 years, thereby providing thousands of jobs for our citizens, as well as bringing in other new residents. I believe when a business considers moving into an area, one of the questions posed would be "Is this a progressive community or is this a community in decline?" If the community is declining, the businesses will go elsewhere.

Bottom line:

I think I can speak for all of Licking County when I say, "The Community Development Block Grant Program helps us grow." To reduce or eliminate it will only cause our community to deteriorate further, and that's not what our citizens want or need. It's not good for us nor is it good for Ohio.

FIGURE 9: Community Development Block Grant Project Locations



Fiscal Year 2004 Projects

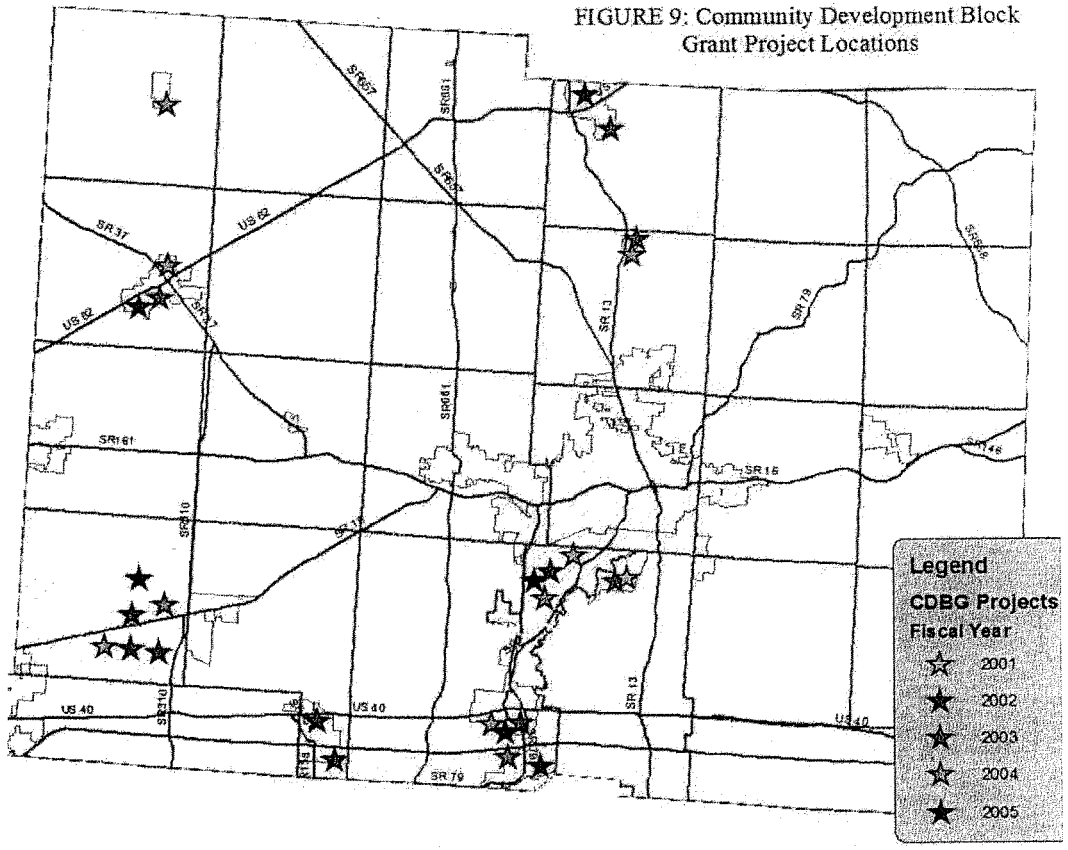
Fiscal Year 2003 Projects

Fiscal Year 2002 Projects

Fiscal Year 2001 Projects

Fiscal Year 2000 Projects

FIGURE 9: Community Development Block Grant Project Locations



LCPC Grants

Community Development (HUD)

Block Grants	Project	Grant Request	Actual Expended	Local Other	Total Project	Total Entity
	*Indicates budget admendments					
	2005 Formula Projects construction in 2006					
89 Formula	Alexandria Sidewalk	$31,500			$31,500	
90 Formula	Alexandria Sidewalks	$33,100	$33,100	$4,000	$37,100	
	Subtotal	**$64,600**	**$33,100**	**$4,000**		**$68,600**
83 Formula	Buckeye Lake Studies	$30,479	$30,479		$30,479	
86 Formula	Buckeye Lake Planner	$15,000			$15,000	
87 Formula	Buckeye Lake Park Clear	$42,300	$40,974		$40,974	
88 Formula	Buckeye Lake Test Well (Planning)	$50,000	$20,643		$20,643	
90 Formula	Buckeye Lake Fire Protection*	$23,200	$23,267		$23,267	
91 Formula	Buckeye Lake Stormsewer	$51,400	$55,311		$55,311	
92 Formula	Buckeye Lake Drainage Study	$10,000	$5,920		$5,920	
92 Formula	Buckeye Lake Stormsewer	$100,000	$103,468		$103,468	
93 Formula	Buckeye Lake Housing Consultant	$10,000	$0		$0	
93 Formula	Buckeye Lake Stormsewer	$68,000	$36,000	$16,339	$52,339	
95 Formula	Buckeye Lake Planning Study	$10,000	$10,000		$10,000	
97 Formula	Buckeye Lake Flood/Drainage	$121,800	Funds Returned		$0	
2004 Formula	Buckeye Lake Skate Park	$20,000	$19,920		$19,920	
2005 Formula	Buckeye Lake Street Improvements	$41,000			$41,000	
	Subtotal	**$593,179**	**$345,982**	**$16,339**		**$418,321**
84 Formula	Eden Twp. Community Center	$27,500			$27,500	
94 Formula	Eden Township Community Center	$67,900	$67,767	$15,734	$83,501	
96 Formula	Eden Twp Playground	$34,800	$32,663		$32,663	
96 Formula	Eden Twp Septic System	$5,200	$5,200		$5,200	
	Subtotal	**$135,400**	**$105,630**	**$15,734**		**$148,864**
84 Formula	Fair Housing	$4,000			$4,000	
85 Formula	Fair Housing	$7,000			$7,000	
86 Formula	Fair Housing	$7,000			$7,000	
87 Formula	Fair Housing	$8,000	$8,000		$8,000	
88 Formula	Fair Housing	$11,800	$11,800		$11,800	
90 Formula	Fair Housing	$10,410	$9,269		$9,269	
91 Formula	Fair Housing	$14,300	$14,300		$14,300	
92 Formula	Fair Housing	$13,300	$13,300		$13,300	
93 Formula	Fair Housing	$15,800	$15,800		$15,800	
94 Formula	Fair Housing	$17,600	$11,689		$11,689	
95 Formula	Fair Housing	$19,440	$10,687		$10,687	
96 Formula	Fair Housing	$18,500	$12,363		$12,363	
97 Formula	Fair Housing	$20,000	$3,587		$3,587	
98 Formula	Fair Housing	$20,700	$17,017		$17,017	
99 Formula	Fair Housing	$20,000	$14,762		$14,762	
2000 Formula	Fair Housing	$16,000	$16,000		$16,000	
2001 Formula	Fair Housing	$15,000	$14,943		$14,943	
2002 Formula	Fair Housing	$16,100	$16,043		$16,043	
2003 Formula	Fair Housing	$16,000	$16,000		$16,000	
	Subtotal	**$270,950**	**$205,560**	**$0**		**$223,560**
99 Formula	Fallsbury Twp	$12,400	$11,940		$11,940	
	Subtotal	**$12,400**	**$11,940**	**$0**		**$11,940**
85 Formula	Granville Senior Center	$15,000			$15,000	
	Subtotal	**$15,000**	**$0**	**$0**		**$15,000**
89 Formula	Hanover Sidewalk	$32,500			$32,500	
	Subtotal	**$32,500**	**$0**	**$0**		**$32,500**

LCPC Grants

Community Development (HUD)

Block Grants	Project	Grant Request	Actual Expended	Local Other	Total Project	Total Entity
	*indicates budget admendments					
	2005 Formula Projects construction in 2006					
83 Formula	Hartford Community Center	$16,526	$16,748		$16,748	
83 Formula	Hartford Street Lights	$2,345	$2,345		$2,345	
83 Formula	Hartford Street Sewer Cleanout	$27,595	$27,595		$27,595	
86 Formula	Hartford, Bennington, Monroe HPG	$50,000			$50,000	
99 Formula	Hartford Curbs/Sidewalks	$61,800	$60,279		$60,279	
99 Formula	Hartford Wastewater Treatment Planning Study	$10,000	$10,000	$16,500	$26,500	
2004 Formula	Hartford WWTP & Collection System	$100,000	$100,000		$100,000	
	Subtotal	**$268,266**	**$216,967**	**$16,500**		**$283,467**
85 Formula	Heath Sidewalks	$10,500			$10,500	
86 Formula	Heath A and R	$22,700			$22,700	
87 Formula	Heath Culvert	$25,000	$25,000	$25,438	$50,438	
88 Formula	Heath Rehab	$19,200	$19,200		$19,200	
89 Formula	Heath Curbcuts	$24,200			$24,200	
90 Formula	Heath Curbcuts*	$23,100	$25,296	$266	$25,562	
91 Formula	Heath Curbcuts	$20,300	$19,265		$19,265	
92 Formula	Heath Curbcuts	$3,000	$1,350		$1,350	
92 Formula	Heath Handicapped Playground	$19,900	$17,500		$17,500	
93 Formula	Heath Curbcuts	$4,300	$4,300	$2,400	$6,700	
93 Formula	Heath Sidewalk	$9,700	$9,700	$15,297	$24,997	
95 Formula	Heath ADA Walkway	$79,300	$76,216		$76,216	
96 Formula	Heath Shai House Restrooms	$34,000	$34,224		$34,224	
97 Formula	Heath ADA Playground	$37,000	$32,240		$32,240	
98 Formula	Heath Curbs	$18,300	$18,480		$18,480	
98 Formula	Heath Playground Surface	$20,700	$19,780		$19,780	
99 Formula	Heath Playground Surface	$37,000	$35,860		$35,860	
2000 Formula	Heath Street Improvements - Andover Road	$35,000	$31,400		$31,400	
2001 Formula	Heath Park Furniture	$20,000	$20,192		$20,192	
2001 Formula	Heath Tornado Siren	$17,000	$14,317		$14,317	
2002 Formula	Heath Fire Hydrants	$38,000	$39,855		$39,855	
2003 Formula	Heath Fire Hydrants	$47,000	$47,310		$47,310	
2004 Formula	Heath Fire Hydrants	$47,000	$46,708		$46,708	
2005 Formula	Heath Curbs & Sidewalks	$45,000			$45,000	
	Subtotal	**$657,200**	**$538,193**	**$43,401**		**$683,994**
89 Formula	Hebron Waterline	$42,500			$42,500	
90 Formula	Hebron Water & Sewer*	$44,200	$44,102	$22,695	$66,797	
96 Formula	Hebron Flood & Drainage- Phase I	$54,000	$54,218	$48,700	$102,918	
97 Formula	Hebron Curbs, Sidewalks - Phase II	$29,300	$29,300		$29,300	
97 Formula	Hebron Gutters, Drains - Phase II	$60,700	$60,700	$58,862	$119,562	
98 Formula	Hebron Curbs, Gutters, Sidewalks - Phase III	$31,000	$31,000	$21,000	$52,000	
98 Formula	Hebron Drains - Phase III	$69,000	$69,000	$33,812	$102,812	
2001 Formula	Hebron Pedestrian Bridge	$17,600	$15,067	$2,055	$17,122	
2001 Formula	Hebron Pedestrian Bridge/Curb Cuts	$89,100	$76,276	$10,401	$86,677	
2001 Formula	Hebron Water & Sewer	$3,300	$2,825	$385	$3,210	
2003 Formula	Hebron Curbs & Sidewalks	$56,100	$47,825		$47,825	
2003 Formula	Hebron Storm Drainage	$37,400	$36,773	$10,120	$46,893	
2005 Formula	Hebron Flood & Drainage	$21,400			$21,400	

LCPC Grants

Community Development (HUD)

Block Grants	Project	Grant Request	Actual Expended	Local Other	Total Project	Total Entity
	*Indicates budget admendments					
	2005 Formula Projects construction in 2006					
	Subtotal	**$555,600**	**$467,086**	**$208,030**		**$739,016**
86 Formula	Homer Sidewalks	$30,000			$30,000	
	Subtotal	**$30,000**	**$0**	**$0**		**$30,000**
86 Formula	Johnstown Waterlines	$30,000			$30,000	
87 Formula	Johnstown Waterline	$25,000	$25,000	$12,304	$37,304	
88 Formula	Johnstown Waterline	$32,700	$32,380		$32,380	
89 Formula	Johnstown Downtown	$5,000			$5,000	
90 Formula	Johnstown Village Square*	$20,670	$19,973		$19,973	
94 Formula	Johnstown Curbs, Gutter, Sidewalks	$50,000	$50,000	$10,000	$60,000	
96 Formula	Johnstown Curbs	$25,000	$35,053		$35,053	
96 Formula	Johnstown Waterlines	$39,200	$25,000		$25,000	
2000 Formula	Johnstown Curb/Sidewalk	$26,767	$26,767	$48,300	$75,067	
2000 Formula	Johnstown Water & Sewer	$65,533	$65,533	$118,329	$183,862	
2001 Formula	Johnstown Curb/Sidewalk	$55,500	$55,500	$148,537	$204,037	
2001 Formula	Johnstown Waterline	$37,000	$37,000	$99,025	$136,025	
2003 Formula	Johnstown Curbs & Sidewalks	$67,300	$66,704		$66,704	
2003 Formula	Johnstown Waterlines	$24,800	$24,775		$24,775	
2005 Formula	Johnstown Curbs & Sidewalks/Water & Sewer	$100,000			$100,000	
	Subtotal	**$604,470**	**$463,685**	**$436,495**		**$1,035,180**
2003 Formula	Kirkersville Curbs & Sidewalks	$55,500	$54,494		$54,494	
2002 Formula	Kirkersville Storm Drainage	$83,000	$83,475		$83,475	
91 Formula	Kirkersville Tap-ins	$28,100	$28,100		$28,100	
90 Formula	Kirkersville Water & Sewer*	$0	$0		$0	
	Subtotal	**$166,600**	**$166,069**	**$0**		**$166,069**
95 Formula	Lima Township Flood & Drainage	$110,830	$84,352		$84,352	
87 Formula	Lima Twp & Jersey Flood & Drainage*	$0	$0		$0	
87 Formula	Lima Twp Neighborhood Facilities*	$0	$0		$0	
	Subtotal	**$110,830**	**$84,352**	**$0**		**$84,352**
91 Formula	Outville Drainage Tile	$6,700	$1,700		$1,700	
99 Formula	Outville Flood/Drainage	$49,900	$20,295		$20,295	
	Subtotal	**$56,600**	**$21,995**	**$0**		**$21,995**
88 Formula	Pataskala LEADS (Senior Center)	$45,000	$48,429		$48,429	
89 Formula	Pataskala Downtown	$5,000			$5,000	
90 Formula	Pataskala Parking*	$42,230	$36,574		$36,574	
99 Formula	Pataskala Flood/Drainage	$91,000	$91,000		$91,000	
2000 Formula	Pataskala Flood & Drainage	$34,000	$31,600		$31,600	
2001 Formula	Pataskala Storm Sewer	$56,900	$56,900	$8,380	$65,280	
2002 Formula	Pataskala Storm Drainage	$37,000	$40,369		$40,369	
2003 Formula	Pataskala Drainage Study	$10,000	$8,700		$8,700	
2003 Formula	Pataskala Storm Drainage	$34,000	$29,857		$29,857	
2004 Formula	Pataskala Storm Drainage Ph II	$53,800	$53,800	$17,895	$71,695	
2005 Formula	Pataskala Flood & Drainage	$49,100			$49,100	
	Subtotal	**$458,030**	**$397,229**	**$26,275**		**$477,604**
97 Formula	Port Authority ADA Upgrade of Facilities	$61,200	$61,200	$3,885	$65,085	
	Subtotal	**$61,200**	**$61,200**	**$3,885**		**$65,085**

LCPC Grants

Community Development (HUD)

Block Grants	Project	Grant Request	Actual Expended	Local Other	Total Project	Total Entity
	*Indicates budget admendments					
	2005 Formula Projects construction in 2006					
98 Formula	St Louisville Water Tower(changed to Iron Filter)	$50,000	$49,863	$116,953	$166,816	
2002 Formula	St. Louisville Waterlines	$40,500	$27,328		$27,328	
2004 Formula	St. Louisville WTP Improvements	$40,500	$40,172		$40,172	
	Subtotal	**$131,000**	**$117,363**	**$116,953**		**$234,316**
94 Formula	Summit Station Drainage Improv. (Lima Twp)	$74,000	$67,435	$2,786	$70,221	
94 Formula	Summit Station Drainage Study	$10,000	$7,548		$7,548	
	Subtotal		**$74,983**	**$2,786**		**$77,769**
2000 Formula	Transit Vehicle	$7,500	$7,500	$28,690	$36,190	
2004 Formula	County-wide Transportation Public Service - Facility*	$11,203	$11,142		$11,142	
2004 Formula	County-wide Transportation Public Service*	$37,597	$38,358		$38,358	
	Subtotal	**$56,300**	**$57,000**	**$28,690**		**$85,690**
83 Formula	Utica Bridge Replacement	$11,758	$11,758		$11,758	
83 Formula	Utica Waterwell	$48,301	$48,301		$48,301	
84 Formula	Utica Waterline	$87,000			$87,000	
93 Formula	Utica Curbs, Gutter, Sidewalks	$57,700	$89,700	$12,998	$102,698	
94 Formula	Utica Curbs, Gutters, Sidewalks	$74,000	$72,730		$72,730	
95 Formula	Utica Curbs, Gutters Sidewalks - Phase III	$110,830	$90,373		$90,373	
96 Formula	Utica Curbs, Gutters, Sidewalks - Phase IV	$100,000	$94,277		$94,277	
98 Formula	Utica Waterlines	$142,200	$126,701	$11,375	$138,076	
2000 Formula	Utica Waterline	$105,800	$105,800	$10,000	$115,800	
2002 Formula	Utica Waterlines	$100,100	$99,078		$99,078	
2005 Formula	Utica Waterlines	$47,500			$47,500	
	Subtotal	**$885,189**	**$738,718**	**$34,373**		**$907,591**
Misc Projects						
83 Formula	Federal Marketing Program	$23,500	$23,500		$23,500	
90 Formula	Planning	$4,500	$4,500	$500	$5,000	
93 Formula	Planning - Retention and Expansion	$1,300	$0		$0	
97 Formula	Township Hall Planning Study	$10,000	$10,000		$10,000	
2000 Formula	Farm Preservation Study	$10,000	$10,000		$10,000	
2004 Formula	Affordable Housing Development Planning Study	$10,000	$10,000	$14,000	$24,000	
	Subtotal	**$59,300**	**$58,000**	**$14,500**		**$72,500**
94 Formula	Lead Based Paint Brochures	$5,000	$4,993		$4,993	
96 Formula	Lead Based Paint Brochures	$3,000	$3,017	$0	$3,017	
	Subtotal	**$8,000**	**$8,010**	**$0**		**$8,010**

LCPC Grants

Community Development (HUD)

Block Grants	Project		Grant Request	Actual Expended	Local Other	Total Project	Total Entity
	*Indicates budget admendments						
	2005 Formula Projects construction in 2006						
82 Formula	Private Rehab		$303,800			$303,800	
83 Formula	Private Rehab		$77,290	$77,290	$3,401	$80,691	
84 Formula	Private Rehab		$108,900			$108,900	
85 Formula	Private Rehab		$190,000			$190,000	
86 Formula	Private Rehab		$28,500			$28,500	
87 Formula	Private Rehab		$33,750	$80,750		$80,750	
88 Formula	Private Rehab		$26,300	$59,231		$59,231	
89 Formula	Private Rehab		$72,400			$72,400	
91 Formula	Private Rehab		$84,000	$84,000		$84,000	
92 Formula	Private Rehab		$71,500	$72,113		$72,113	
93 Formula	Private Rehab - Heath		$13,300	$13,300	$3,015	$16,315	
93 Formula	Private Rehab		$81,000	$80,533	$252,075	$332,608	
99 Formula	Private Rehab		$57,900	$54,176		$54,176	
2000 Formula	Private Rehab		$25,000	$25,000		$25,000	
2001 Formula	Private Rehab		$28,600	$29,920		$29,920	
2002 Formula	Private Rehab		$33,000	$30,510		$30,510	
2003 Formula	Private Rehab		$4,900	$4,900	$2,990	$7,890	
2004 Formula	Private Rehab		$11,100	$11,100	$6,900	$18,000	
2005 Formula	Private Rehab		$10,000			$10,000	
		Subtotal	**$1,261,240**	**$622,823**	**$268,381**		**$1,604,804**
90 Formula	Demolition		$15,000	$8,627		$8,627	
91 Formula	Demolition		$30,000	$9,125		$9,125	
		Subtotal	**$45,000**	**$17,752**	**$533,361**		**$17,752**
86 Formula	RLF		$25,000			$25,000	
87 Formula	RLF		$30,000	$30,000		$30,000	
88 Formula	RLF		$10,000	$0		$0	
		Subtotal	**$65,000**	**$30,000**	**$1,066,722**		**$55,000**
		Total	**$6,603,854**	**$4,843,637**	**$2,836,425**		**$7,568,979**

Total Funds Available Includes Administration

82 Formula	$303,800	97 Formula	$400,000
83 Formula	$278,600	98 Formula	$414,000
84 Formula	$263,800	99 Formula	$400,000
85 Formula	$275,300	2000 Formula	$376,000
86 Formula	$249,900	2001 Formula	$400,000
87 Formula	$252,200	2002 Formula	$409,000
88 Formula	$235,700	2003 Formula	$415,000
89 Formula	$267,300	2004 Formula	$414,000
90 Formula	$254,500	2005 Formula	$392,000
91 Formula	$286,100		
92 Formula	$265,600	**Total Available**	**$7,976,700**
93 Formula	$315,100		
94 Formula	$351,100		
95 Formula	$388,700		
96 Formula	$369,000		

March 22, 2006

Testimony for Public Hearing
To the Sub Committee on Housing & Community Opportunity
at the Knox County Commissioners Office
on Friday, March 24, 2006

We are pleased to give testimony to the sub committee on housing and community opportunity at a field hearing being held in the Knox County Commissioners Office in Mount Vernon, Ohio.

We understand that the public hearing is entitled "Strengthening Rural Ohio – A Review of the Community Block Grant Program". The City of Mount Vernon has received many grants since the CDBG program was created in 1974. The city has identified specific target areas in the city that have low and moderate income neighborhoods. We have offered home rehabilitation projects, home repair projects, home buyer assistance program and rental rehab program. Along with these private sector programs we have used CDBG funds combined with city funds for the improvement of sidewalks, curbs and streets, stormwater drainage, and public handicap restrooms all located in the target areas. The CDBG program is a prime example of how a private- public partnership can improve low and moderate income segments of the community. Citizens of all ages who are in compliance with the income guidelines can fix up their houses and have input on the general improvement of their neighborhood.

The City of Mount Vernon also participated in three downtown revitalization programs. Like most cities - both large and small - our central business district had been impacted by the strip malls being located in the parameter of the city. "Mom and Pop" businesses that we knew as we grew up disappeared because of their inability to compete with the large merchandisers; however, many of these small businesses were able to make the transitions to meet the needs and demands of today's consumer. The downtown revitalization program allowed both the land owner and the tenant to fix up their store fronts, the interior and in some cases the roofs of their downtown buildings. This enabled the entire central business district to take on a new look. It energized the downtown area. The private public partnership was received with a great deal of enthusiasm in the Central Business District. In the last funded project the City of Mount Vernon did a complete rehab of the streetscape; new sidewalks, crosswalks, flowerbeds, street lighting, and storm drainage all added to make a more attractive downtown area. This would not have been possible without the support of the CDBG Downtown Revitalization Programs.

We have also been the recipient of the CDBG Competitive Grants. In the north end of our city we were able to go in, improve the storm drainage and put in a sidewalk that allowed the residents of several apartments catering to low and moderate income residents walk more safely from their apartments to the community swimming pool/playground and to a shopping area. Prior to the construction project the pavement was narrow, there was a large deep ditch on one side often times making it necessary for pedestrians to jump into the ditch to avoid being hit by a car. The construction of the drainage, the new sidewalks and crosswalks has made this area a much more safe area

for children and adults alike. We have recently been awarded another competitive grant that will be used in the Westside of our city to improve streets and gutters, stormwater drainage, and to improve handicap access at Riverside Park. All these projects have had a positive impact on our city for over 30 years. As you can see a 27 percent decrease in funding which we believe is only the beginning of a plan that will have a negative impact on our ability to rehabilitate the low and moderate neighborhoods in our city.

Over the years, I have talked with senior citizens living primarily on social security that were able to procure a new roof with the CDBG helping hand enabling them to live additional years in a safe dry home. I have also talked to people who lived in substandard housing with faulty septic tanks that were able to connect to central sewer as part of their rehab program. I have talked to young and old people alike who lived in areas of the city that were built before storm sewers were the responsibility of developers. After every rainstorm, the area around their house, their driveways, their sidewalks (if they had them) were all submerged for several hours or even days until the water would evaporate. Storm sewers made the water disappear and improve the housing stock in these areas.

In conclusion, I believe the continuation of a fully funded community development block program is necessary to maintain small businesses, assist seniors in staying in their homes longer, assist young people who have limited income to rehab older homes, to improve property values, make roadways and sidewalks safer in target neighborhoods. Also, the improvement for handicap accessibility in public parks and restrooms have

all had a very positive impact on the City of Mount Vernon and surrounding area.

As Mayor, I am honored to be able to submit this testimony, and I regret that I was scheduled to be out of state this week; however, Safety-Service Director David Glass has been with the city for over 27 years, and I am confident that this testimony was given a proper presentation.

RKM/jrb

Testimony of William J. Graves
Housing Administrator
City of Columbus
Subcommittee on Housing and Community Opportunity
Field Hearing
March 24,2006
Mt. Vernon, Ohio

My name is William J. Graves and I serve as the Housing Administrator for the city of Columbus, an entitlement community receiving Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD). I have worked with CDBG and other HUD funded programs since 1981.

CDBG has a proven track record for helping local governments to address specific needs and focus on community issues as identified in the community's consolidated plan process. Of critical importance is that the CDBG Program enables communities to identify and target these federal resources to needs that are most critical to the community. The broad range of eligible activities within the CDBG Program and the flexible approach of HUD (maximum feasible deference) in allowing communities to target CDBG dollars enable recipients to use this program to maximize assistance to low and moderate-income families. As such, CDBG continues to be an essential asset to help communities fight blight, improve neighborhoods and focus on activities that benefit low-income individuals and pockets of poverty.

The Administration's current budget proposal to drastically reduce CDBG and to give bonuses to communities that "succeeded" would leave thousands of communities unable to address the basic needs of low and moderate income people. Essentially the Administration is proposing to strip $1 billion out of the program by proposing the lowest level of funding for the CDBG program since 1990. The proposed reduction in the CDBG Program is further evidence of the Administration's reverse Robin Hood approach to budget making. The CDBG Program was already reduced by 15% over the past three years and the President's budget proposal would further cut the program by another 25 percent this year. Again, further evidence of the President's mission to reduce all funding for low income Americans. This reverse Robin Hood approach at a time when the needs of urban America is at a critical juncture requires increased funding not funding reductions. As such, I urge that anyone interested in community development as a means to assist low-income households and preserve neighborhoods to advocate for at least $4.5 billion in formula funding for CDBG in FY07. The President's budget calls for $2.774 billion for formula grants for cities and states in

FFY 07, reduced from $3.711 in FFY 06. Certainly the city of Columbus as does a broad coalition of community development advocates (members of the coalition are attached to this testimony) sees these cuts as evidence that the Administration is abandoning its commitment to America's communities in the guise of reform. The coalition members also expressed concern, as mentioned above, that the 25 percent reduction in funding would pose serious threats to a community's ability to provide important services and economic recovery for low-income citizens.

For the city of Columbus the continual erosion of these extremely critical CDBG dollars is evidenced by the sharp reductions during the past several years. In 2003 the city received $8,758,000 and in 2006 the allocation was only $6,638,811 a reduction of 24% during this period. Another interesting point is that the administrative oversight requirements for the CDBG and other HUD funded programs continue to go up while the funding goes down. Such a situation not only creates frustration for grantees but also erodes the ability of recipients to undertake projects as more and more time is spent handling administrative and reporting requirements while funding for projects to benefit low-income households is reduced.

The city of Columbus targets its CDBG resources in order to focus investment and create impact. Certainly, given the small amount of CDBG dollars received this is the best method for an entitlement recipient such as Columbus. Typically, the city selects 6 Neighborhood Pride areas each year and these locations serve as the target zones for housing rehabilitation and other activities that benefit low-income households. The city has also selected 11 Neighborhood Commercial Revitalization (NCR) districts to focus CDBG economic development activities. In addition, a CDBG service area is determined based on demographics and housing standards which is then used to focus code enforcement and other initiatives to improve the quality of life of residents. Outcomes for a portion of the housing related activities benefiting low-income households using CDBG dollars are as follows:

- In 2003 131 low income households received housing rehabilitation assistance providing decent safe and sanitary housing; 143 low-income elderly households received minor home repair assistance preserving housing quality and enabling the homeowner to remain in their home; 28 disabled individuals were provided with accessibility modifications to enable them to live independently; and 583 low income homeowners received emergency repair assistance to correct unsafe and

substandard conditions protecting the health and safety of the household.

- In 2004 78 low income households received housing rehabilitation assistance providing decent safe and sanitary housing; 172 low-income elderly households received minor home repair assistance preserving housing quality and enabling the homeowners to remain in their home; 12 disabled individuals were provided with accessibility modifications to enable them to live independently; and 553 low income homeowners received emergency repair assistance to correct unsafe and substandard conditions protecting the health and safety of the household.

- In 2005 55 low income households received housing rehabilitation assistance providing decent safe and sanitary housing; 247 low-income elderly households received minor home repair assistance preserving housing quality and enabling the homeowner to remain in their home; 22 disabled individuals were provided with accessibility modifications to enable them to live independently and 53 deaf individuals received modification assistance; and 583 low income homeowners received emergency repair assistance to correct unsafe and substandard conditions protecting the health and safety of the household.

As demonstrated above the reduction in funding is impacting the city's ability to provide housing rehabilitation assistance. There are continually more and more households denied assistance due to a lack of CDBG dollars. Such a situation is extremely frustrating and creates a tenuous situation as housing stock deteriorates and low-income households must make dire choices on where to spend limited resources i.e., - fix the house, pay medical bills, pay utility bills or eat.

The city of Columbus urges Congress to not reduce this much-needed program and strongly requests that funding for Federal Fiscal Year 2007 for CDBG should be $4.5 billion.

Thank you for the opportunity to participate in this hearing.

Attachment

Members of the CDBG coalition and contacts include:

- Council of State Community and Economic Development Agencies, Marcia Sigal, 202-293-5820
- Enterprise, Sandi Baer, 410-772-5285
- Housing Assistance Council, Joe Belden, 202-347-3441
- International Economic Development Council, Jeffrey Finkle, 202-223-7800
- Local Initiatives Support Corporation, Barbara Burnham, 202-739-0896
- National Association for County Community and Economic Development, John Murphy, 202-367-1149
- National Association of Counties, Tom Goodman, 202-942-4222
- National Association of Development Organizations, Matt Chase, 202-624-7806
- National Association of Housing and Redevelopment Officials, Mary Barron, 202-289-3500 ext. 280
- National Association of Local Housing Finance Agencies, John Murphy, 202-367-1197
- National Community Development Association, Chandra Western, 202-887-5521
- National Conference of Black Mayors, Colin Wellenkamp, 202-383-9110
- National League of Cities, Sherry Conway Appel, 202-626-3003
- National Low Income Housing Coalition, Amrit Dhillon, 202-662-1530, ext. 222
- The United States Conference of Mayors, Elena Temple, 202-861-6719

Strengthening Ohio

Testimony of David Hall, Holmes County Commissioner and President of Ohio Mid Eastern Government Association.

I thank you for your time and it is an honor to testify in favor of CDBG program.

I have been a county commissioner for Holmes County for eight years. I am the president of OMEGA. This association is a ten county local development district that serves east central Ohio.

I would like to start my testimony with saying that I support the CDBG programs. The local CDBG programs have been a vital part of local project development.

Through the past twenty four years, Holmes county has had a partnership with villages, townships, fire depts., Senior centers and county transportation projects.

Holmes County has a population of 43,000. We are a very rural county. We have only 6 villages with the largest village having a population of less than 5,000. We have ten unincorporated villages. These villages are under local township rule.

24 year history
History of CDBG in Holmes County

Exhibit A

Holmes County has received $3,670,781.00 in total formula funds. $3,266,900.00 was used for local projects.

On page two you will see the local project breakdown. Starting on page four and ending on page ten you will see the breakdown of projects from 1982-2005. On the left column is the total project cost, on the right column you will see the CDBG funds that were used on these projects.

As you can see there are many different projects and local jurisdictions.

We used CDBG funds for:

- Sidewalks
- Sewer
- Water
- Vans for Seniors and low income residents
- Street improvements
- EMS equipment
- Warning sirens
- Park improvements
- Water Study

Senior Centers
County Home
Sewer plans
Storm drains
Village hall

These funds are small in size, but are important for locals in Holmes County. Each year we receive over $1,000,000.00 in requests for project funding. We have only less than $200,000.00 to work with each year.

CDBG funds are important in my county and the state of Ohio. If asked, I would say level funding is not enough. We could not afford to take any decreases. We need to have CDBG funding increased for the future of Ohio.

We know our communities and this program helps commissioners to help the locals to help themselves.

We are starting our CDBG projects for 2006. I have been out to villages and townships and I can say that we already have over $500,000.00 in projects now.

On page 11, you will see the breakdown on our Community Housing Improvement Program (CHIP). This program helps consumers to buy homes and also helps with home improvements and repairs. This has helped in improving the way of life for many Holmes Countians.

I thank you for your time.

HISTORY OF THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM FOR HOLMES COUNTY, OH

FY 1982 – FY 2005

Prepared By:

Holmes County Planning Commission
Office of Economic Development
2 Court Street – Suite 21
Millersburg, OH 44654
(330) 674-8625
Fax (330) 674-1582

CDBG Formula Grants (FY 1982 thru FY 2005 -- 24 years)

I.	Total Formula Funds Received	$3,670,781.
	Total Project Funds	3,266,900.
	Admin./Legal/Program Mgmt.	404,781.
	Fair Housing Requirements	52,200.
	CHIP Infrastructure Village of Killbuck (not Formula $)	- 53,100.
II.	Formula Grant Recipients (by Jurisdictions/Project Sites)	
	Court House/Old Jail	57,000.
	County ADA/Handicapped Access.	72,000.
	County Home	400,500.
	Holmes County Landfill	78,000.
	Holmes County Park District	4,000.
	Holmes County Senior Center	220,500.
	Glenmont Senior/Community Center	181,400.
	Pine Valley Community Center	75,000.
	Holmes County Transportation	69,700.
	Millersburg Village	$569,200.
	Nashville Village	292,000.
	Holmesville Village	178,400.
	Killbuck Village	212,500.
	Glenmont Village	183,600.
	Baltic Village	5,800.
	Berlin Twp.	$35,000.
	Clark Twp.	69,700.
	Killbuck Twp.	6,000.
	Knox Twp.	3,500.
	Mechanic Twp.	6,400.
	Monroe Twp.	30,700.
	Paint Twp.	67,900.
	Richland Twp.	39,500.
	Ripley Twp.	172,900.
	Washington Twp.	35,000.
	Western Holmes Co. Fire District	49,700.
	Paint Twp. Fire District	47,700.
	Prairie Twp. Fire District (RLF $)	(30,000.)
	Killbuck Twp. Fire District (RLF $)	(30,000.)
	Killbuck Twp. Fire District Warning Siren	15,000.
	Richland Twp. Fire District	18,100.
	Clark Twp. Warning Siren	17,700.
	Economic Development Projects	32,500.
	County Water/Sewer Study	10,000.
	County Farmland Preservation Plan	10,000.
	TOTAL PROJECT EXPENDITURES	$3,266,900.

III. Formula Grant Receipts (by Type of Jurisdiction/Project)

County Projects	$611,500.
Senior/Community Center Projects	476,900.
Transportation	69,700.
Village Projects	1,441,500.
Township Projects	466,600.
Fire District Projects	148,200.
Econ. Develop. Projects	52,500.
TOTAL	$3,266,900.

HISTORY OF HOLMES COUNTY CDBG (& RELATED ED) GRANTS

FY'82 FORMULA - $116,200.

	TOTAL	CDBG
Millersburg Storm Sewers (Grant & Perkins Sts.)	$14,700.	$14,700.
Millersburg Retaining Wall (No Name St.)	$ 9,300.	$ 9,300.
Fire Protection Equipment - Glenmont/Richland EMS	$ 2,000.	$ 2,000.
HC Park District- Black Creek Maint. Building	$ 4,000.	$ 4,000.
Holmes County Landfill Project	$78,000.	$78,000.
Administration	$ 8,200.	$ 8,200.

FY'83 FORMULA - $114,400.

	TOTAL	CDBG
Nashville Waterline Replace. (Millersburg St.)	$34,896.	$34,896.
Millersburg Street/drainage (Critchfield St.- Phase 1)	$35,092.	$26,504.
	$8,588. - Mbg. Vil.	
Killbuck Street Repaving / Drain. (Water Street)	$27,000.	$27,000.
Washington Twp. Road/Drainage (TR 462)	$12,014.	$11,000.
	$1,014. - Wash. Twp.	
Administration	$15,000.	$15,000.

FY'84 FORMULA - $110,500.

	TOTAL	CDBG
Berlin Twp. Sewerline Installation (Main/Market Sts.)	$37,500.	$35,000.
	$2,500. - Berlin Twp.	
Glenmont Senior Center - new roof	$16,000.	$16,000.
Millersburg Street/drainage (Critchfield- Phase II)	$45,432.	$35,000.
	$10,432. - Mbg. Vil.	
Killbuck Curbs/Sidewalk Improvements (Water St.)	$27,500.	$14,000.
	$13,500. - Killbuck Vil.	
Lynn - Hope Industries Business Development Project (equipment purchase)	$10,000.	$ 2,500.
	$7,500. - Lynn- Hope	
Washington Twp. TR 208 road/drainage improvements	$12,000.	$ 8,000.
	$4,000. - Wash. Twp.	

FY'85 FORMULA - $120,400.

	TOTAL	CDBG
Holmesville curbing improvements (Main Street)	$21,500.	$20,000.
	$1,500. - Holmesville	
Knox Twp. TR 208 road/drainage improvements	$ 3,500.	$ 3,500.
Monroe Twp. TR 262/264 road/drainage improvements	$12,000.	$10,000.
	$2,000. - Monroe Twp.	
Glenmont Senior Center - ramp/windows & doors install.	$28,400.	$28,400.
County Home - replacement windows installation	$45,000.	$41,500.
	$3,500. - Co. Commrs.	
RLF - loan (capitalization)	$10,000.	$10,000.
Administration	$16,800.	$ 7,000.
	$9,800. - HCPC	

Holmes County CDBG History
page 2

FY'86 - $101,700.

	TOTAL	CDBG
Holmesville -Sidewalks Improve. - Main St.	$10,000.	$10,000.
Nashville Waterline replacement - Millersburg St.	$22,685.	$22,685.
Glenmont Curbing Improvements - Main St.	$17,000.	$17,000.
Killbuck Storm sewer improvements - Purdy St.	$25,000.	$20,000.
		$5,000. - Killbuck Vil.
Mechanic Twp. - TR 128/110/124 improve.	$ 9,400.	$ 6,400.
		$3,000. - Mech. Twp.
Killbuck Twp. Sr. Center - restroom & insulation impr.	$ 6,000.	$ 6,000.
Revolving Loan Fund - capitalization	$10,000.	$10,000.
Administration	$ 9,615.	$ 9,615.

FY'87 - $101,800.

	TOTAL	CDBG
Glenmont Sidewalks improvements - Main/Depot Sts.	$ 4,300.	$ 4,300.
Nashville Waterline Replacement - Monroe/Kettle Sts.	$35,000.	$30,000.
		$5,000. - Nashville Vil.
Killbuck Hand. Access. - ramp for Kbk. Valley Museum	$ 8,710.	$ 8,710.
Millersburg Storm drainage - Hebron St. Ext.	$43,175.	$24,000.
		$19,175. - Mbg. Vil.
Paint Twp. Rd. 666 widen/resurfacing (Peabody- Kent Rd.)	$13,897.	$13,897.
Monroe Twp. - TR 257 road improve. (widen/drain.)	$15,000.	$10,000.
		$5,000. - Monroe Twp.
Administration	$10,893.	$10,893.

FY'88 - $100,400.

	TOTAL	CDBG
Nashville Waterline Replace. -N. Wooster St. (SR 514)	$12,000.	$12,000.
Nashville Water Taps - 16 connections to LMI homes	$14,650.	$14,650.
Nashville Sidewalk Improve. -Millersburg St.	$ 9,000.	$ 8,350.
		$650. - Nashville Vil.
Glenmont Waterline Replace. - Harrington St.	$ 6,000.	$ 6,000.
Holmesville Street improve. - E. Main St. resurfacing	$18,000.	$18,000.
Killbuck Curb cuts for handicapped, sidewalks/curbs Main/Front Streets)	$23,520.	$21,315.
		$2,205. - Killbuck Vil.
Glenmont Curbing Improve. - Main Street	$ 9,640.	$ 9,640.
Monroe TR 265 Improvements - culvert replacement	$ 2,640.	$ 2,640.
Administration	$14,993.	$ 7,805.
		$7,188. HCPC

Holmes County CDBG History
page 3

FY'89 - $108,200.

	TOTAL	CDBG
Millersburg Storm Sewers - S. Mad Anthony/Phase 1	$49,800.	$40,000.
	$9,800. - Mbg. Vil.	
Holmesville Curbing Improvements - E. Main Street	$10,130.	$10,000.
	$130. - Holmesville Vil.	
Glenmont Senior Center Impr. - ramps & restrooms	$23,000.	$23,000.
Nashville Waterline replacement - Monroe Street	$14,500.	$14,500.
Monroe Twp. - TR 257 culvert replacement	$10,700.	$10,700.
Administration & Fair Housing	$10,000.	$10,000.

FY'90 - $107,100.

	TOTAL	CDBG
Millersburg/HC Senior Center rehab.	$412,000.	$88,100.
	$323,900. Ohio Office Aging et.al.	
Nashville - filtration imp. @ water treatment plant	$130,000.	$ 8,000.
	$122,000. St. Issue 2	
Glenmont - filtration imp. @ water treatment plant	$138,950.	$11,000.
	$127,950. St. Issue 2	

FY'91 - $130,300.

	TOTAL	CDBG
Millersburg Senior Center - parking lot development	$25,000.	$25,000.
Glenmont Senior Center - restrooms, security doors	$14,000.	$10,000.
Killbuck Water Storage/Waterline Improvements	$390,000.	$30,000.
	$360,000. St. Issue 2	
Millersburg Storm Sewers - S. Mad Anthony/Phase II	$37,700.	$37,700.
County Home Water Impr.- pressure tanks/sprinklers	$20,400.	$20,400.
Administration & Fair Housing	$16,700.	$ 7,200.
	$9,500. - HCPC	

FY'92 - $121,600.

	TOTAL	CDBG
Glenmont Senior Center Improvements - roof recoating	$10,000.	$10,000.
Nashville Water System Improve. - emergency generator	$25,300.	$25,300.
Millersburg Storm Drainage Impr. - N. Mad Anthony St.	$35,000.	$30,000.
	$5,000. - Mbg. Vil.	
Co. Home Water System - tank room improvements	$13,000.	$13,000.
Glenmont Water Sys. Improve. - well & pump replacement	$71,000.	$ 7,100.
	$63,900. - St. Iss. 2	
Richland Twp. TR 32 - widening/drainage improve.	$27,500.	$27,500.
Administration & Fair Housing	$16,500.	$ 8,700.
	$7,800. - HCPC	

Holmes County CDBG History
page 4

FY'93 - $140,400.

	TOTAL	CDBG
Co. Home - htg. system/floor replace./soffits & gutters	$50,370.	$50,400.
Millersburg Waterline Imp. - Sand Run/Carter Lumber	$21,780.	$21,800.
Holmesville Sidewalk Impr. - E. Main/Millersburg Sts.	$32,130.	$32,100.
Nashville Storm drain./street - S. Wooster/Kettle/"A"	$16,640.	$16,600.
Holmes Co. - Industrial Park Feasibility Study	$10,000.	$10,000.
Administration & Fair Housing	$18,480.	$ 9,500.
	$9,000. - HCPC	

FY'94 - $149,000.

	TOTAL	CDBG
Court House Hand. Access. Improve. - elevator	$27,000.	$27,000.
County Home Improve. - parking lot resurface/develop.	$32,000.	$32,000.
Pine Valley Improve. - Boiler replacement	$30,000.	$30,000.
Glenmont Senior Center Improve. - gas line & restroom	$15,000.	$15,000.
Millersburg Handicapped Access. Improve. - curbcuts	$40,500.	$31,000.
Administration & Fair Housing	$22,000.	$14,000.
	$8,000. - HCPC	

FY '95 - $186,781.

	TOTAL	CDBG
Western HC Fire District - Ambulance Purchase	$72,421.	$30,000.
	$42,421. - Fire Dist.	
Old -Jail Hand. Access. Improve.-restrooms/doors/access	$30,000.	$30,000.
Pine Valley Hand. Access. Improve. - restrooms(gutters)	$30,000.	$30,000.
Holmesville Village Hall Hand. Access. - ramp, restrooms	$24,800.	$24,800.
Glenmont Sr. Ctr.- parking lot/3rd floor remodel (HS)	$49,000.	$49,000.
Administration & Fair Housing	$24,500.	$22,981.
	$1,519. – HCPC	

FY'96 - $177,000.

	TOTAL	CDBG
Paint Township Fire District – Ambulance Purchase	$80,000.	$30,000.
	$50,000. – Fire Dist.	
Holmesville Village Hall Improvements	$14,300.	$14,300.
Nashville Waterline Improvements	$43,300.	$43,300.
Millersburg Handicapped Accessibility/ADA Improve.	$60,000.	$60,000.
Administration & Fair Housing	$29,400.	$29,400.

FY'97 - $192,000.

	TOTAL	CDBG
Millersburg Storm Sewer Improvements	$90,000.	$80,000.
	$10,000. – Mbg. Village	
Pine Valley Improvements – roof and gutters	$15,000.	$15,000.
Glenmont Senior Center Imp. – re-coat roof, etc.	$30,000.	$30,000.
County Home Imp. – elevator and ramp	$79,500.	$21,500.
	$58,000. – County RLF	
HC Senior Center – Hand. Access. Imp.	$12,000.	$12,000.
Holmes County – Water/Sewer Plan	$37,500.	$10,000.
	$10,000. – County RLF	
	$17,500. – HC Commrs.	
Administration & Fair Housing	$23,500.	$23,500.

FY'98 - $209,000.

	TOTAL	CDBG
Killbuck Sidewalk Improvements	$66,100.	$13,000.
	$53,100. – CHIP	
Nashville Sidewalks & handicap curb cuts	$51,700.	$51,700.
Co. Home Imp. – restroom remodeling	$98,900.	$98,900.
Holmes Co. Health Dept. Hand. Access. Imp.	$ 3,635.	$ 3,635.
Holmes Co. Pros. Atty. Hand. Access. Imp.	$ 8,365.	$ 8,365.
Co. Farmland Preservation Plan	$20,000.	$10,000.
	$10,000. – Holmes Co. Commrs.	
Administration & Fair Housing	$23,400.	$23,400.

FY'99 - $193,000.

	TOTAL	CDBG
Holmes Co. Senior Center Improvements	$ 22,000.	$ 22,000.
Co. Home Imp. – restroom remodeling	$110,000.	$ 95,000.
	$15,000. – Co.Home Aux.	
Richland Twp. EMS Equipment Purchase	$ 18,100.	$ 18,100.
Village of Glenmont Waterline Replacement	$ 25,000.	$ 25,000.
Administration & Fair Housing	$ 32,900.	$ 32,900.

Holmes County CDBG History
page 6

FY'00 - $181,000.

	TOTAL	CDBG
Village of Millersburg Waterline Improvements	$180,000.	$90,000.
	$90,000 SI2	
Richland Twp. EMS Equipment Purchase	$ 12,000.	$12,000.
Village of Glenmont Warning Siren	$ 16,000.	$16,000.
Village of Holmesville Warning Siren	$ 16,000.	$16,000.
Lakeville Fire Station Warning Siren	$ 16,000.	$16,000.
Administration & Fair Housing	$ 31,000.	$31,000.

FY'01 - $193,000.

	TOTAL	CDBG
Village of Baltic Curbs & Sidewalks	$ 6,800.	$ 5,800.
	$1,000. – Baltic Village	
Paint Twp. Park Improvements	$ 54,000.	$54,000.
Ripley Twp. Street Improvements	$ 73,204.	$65,000.
	$8,204. – Ripley Twp.	
Paint Twp. Warning Siren	$ 17,700.	$17,700.
Clark Twp. Warning Siren	$ 17,700.	$17,700.
Administration & Fair Housing	$ 32.800.	$32,800.

FY'02 - $197,000.

	TOTAL	CDBG
Holmes County Senior Center Improvements	$ 55,100.	$ 55,100.
Village of Millersburg Sidewalk & Storm Sewer	$ 90,000.	$ 83,900.
	$6,100. Vill. of Millersburg	
Village of Killbuck Warning Siren	$ 15,000.	$15,000.
Village of Nashville Waste Water Study	$ 10,000.	$ 10,000.
Administration & Fair Housing	$ 33,000.	$ 33,000.

FY'03 - $211,000.

	TOTAL	CDBG
Western HC Fire District Equip. Purchase	$19,700.	$19,700.
Village of Holmesville Curbs & Sidewalks	$33,200.	$33,200.
Village of Glenmont Water & Sewer Fac.	$95,200.	$95,200.
Holmes Co. Transportation – van purchase	$23,900.	$23,900.
Administration & Fair Housing	$39,000.	$39,000.

Holmes County CDBG History
page 7

FY'04 - $210,000.

	TOTAL	CDBG
Village of Killbuck Curbs & Sidewalks	$26,700.	$25,400.
	$1,300. Vill. of Killbuck	
Holmes County Senior Center Improvements	$18,300.	$18,300.
Ripley Twp. Street Improvements	$107,900.	$107,900.
Holmes Co. Transportation – van purchase	$117,000.	$23,400.
	$93,600. ODOT	
Administration & Fair Housing	$35,000.	$35,000.

FY'05 - $199,999.

	TOTAL	CDBG
Holmes County Home	$27,800.	$27,800.
Clark Twp. – Village of Charm Sidewalks	$69,700.	$69,700.
Village of Millersburg Water & Sewer Fac.	$115,200.	$45,300.
	$69,900. OPW	
Holmes Co. Transportation – van purchase	$112,200.	$22,400.
	$89,800. ODOT	
Administration & Fair Housing	$33,800.	$33,800.

CHIP PROGRAM

	TOTAL
Basic CHIS Grant FY'94 (Other Funds - $3,000. CDBG Formula $2,000. Private Donations)	$25,000.
FY'95 CHIP Grant (Community Housing Impr. Program) (Housing Rehab./Home Repair/Homebuyers Assist/ Infrastructure/Admin. & Implementation)	$497,000.
FY'98 CHIP Grant (Community Housing Impr. Program) (Housing Rehab./Home Repair/Homebuyers Assist/ Infrastructure/Admin. & Implementation)	$600,000.
FY'00 CHIP Grant (Community Housing Impr. Program) (Housing Rehab/Home Repair/Homebuyers Assist/ Infrastructure/Admin. & Implementation)	$500,000.
FY'02 CHIP Grant (Community Housing Impr. Program) (Housing Rehab/Home Repair/Homebuyers Assist/ Infrastructure/Admin. & Implementation)	$500,000.
FY'04 CHIP Grant (Community Housing Impr. Program) (Housing Rehab/Home Repair/Homebuyers Assist/ Infrastructure/Admin. & Implementation)	$555,000.

ECONOMIC DEVELOPMENT

FY'86	$350,000.	Trusso Project (loan)
FY'89	$300,000.	Appalachian Regional Commission Grant - East Holmes Industrial Park (Streets/Storm Drainage/Water System)
FY'89	$346,900.	Merillat - CDBG Grant (Streets/Storm Drainage/Water/Sewer)
	$145,000.	Merillat - 412 Grant (" " " ")
	$700,000.	Merillat - EDA Grant (Water System/tank)
FY'90	$161,000.	Appalachian Regional Commission (ARC) Grant - Berlin Water System Improvements (water tank)
FY'92	$104,000.	Wayne-Dalton Corp. - CDBG Grant (Storm Sewers/Sidewalks/ Curbs & Gutters)
	$ 80,000.	Wayne-Dalton Corp. - ODOD Business Development ("412") Grant
	$ 76,000.	Wayne-Dalton Corp. - Business Contribution
FY'93	$ 70,000.	Carter Lumber - Grant (Mbg. - $12,880., S12 - $57,120.) (Sanitary Sewer extension)

GRAND TOTAL - ALL FUNDING (FY 1982 - FY 2005)

CDBG FORMULA	**$3,670,781.**
CHIP	**$2,677,000.**
ECONOMIC DEVELOPMENT	**$2,332,900.**
TOTAL	**$8,680,681.**

OHIO DEPARTMENT OF DEVELOPMENT

Bob Taft
Governor

Bruce Johnson
Lt. Governor

RECEIVED
MAR 23 2006
Holmes Co. Commissioners

March 23, 2006

David L. Hall, President
Holmes County Commissioners
2 Court Street, Suite 14
Millersburg, OH 44654-2001

SUBJECT: Notice of Fiscal Year (FY) 2006 Ohio Small Cities Community Development Block Grant (CDBG) Formula Allocation Grant Amount Grant Number - B-F-06-035-1

Dear Commissioner Hall:

In FY 2006, the Office of Housing and Community Partnerships(OHCP) expects to distribute approximately $21.9 million of Ohio Small Cities Community Development Block Grant (CDBG) Program funds to eligibile communities through the Community Development Program, which includes the formula allocation and $3 million of funds set aside for community distress activities. Due to a 10.2 percent reduction in the Community Development Block Grant Program at the federal level, the FY 2006 Community Development Program allocations were reduced by approximately 10 percent at the local level.

HOLMES CNTY'S allocation and the allocation for any acquired city(ies) located within the county's jurisdiction are listed below:

HOLMES CNTY $ 179,000

The FY 2006 Community Development Program application submission deadline is July 14, 2006. A complete description of the FY 2006 Community Development Program and its citizen participation requirements are included in the **FY 2006 Ohio Consolidated Plan.** To review the plan, visit http://www.odod.state.oh.us/cdd/ohcp, select "Publications" and then, under "Ohio Consolidated Plan," select **Draft FY 2006**.

For FY 2004-2006, the definitions of "direct" and "acquired" cities are as follows:

1. "Direct" cities are municipalities with a low- and moderate-income population of 25 percent or greater and in FY 2004 were eligible to receive a program allocation equal to or greater than $50,000.

2. "Aquired" cities are municipalities with a low- and moderate-income population of 25 percent or greater and in FY 2004, received a formula allocation of at least $30,000, but less than $50,000.

David L. Hall, President
March 23, 2006
Page Two

The funding allocations for cities that do not meet the "direct" or "acquired" city criteria will be awarded to the county of jurisdiction. Such cities may petition their county of jurisdiction for project consideration. The status of "direct" and "acquired" cities will be reassessed in FY 2006 for FY 2007.

Upon complete execution of the Community Development Program grant agreement, grant recipients may reimburse community funds with Community Development Program funds for the following activities(if the activities were undertaken in compliance with CDBG and Community Development Program requirements):

1. environmental assessments;

2. policy, planning, management and capacity building activities, as noted in 24 CFR 570.205;

3. engineering and design costs associated with an eligible activity;

4. provision of information and other resources to residents and citizen organizations participating in the planning, implementation or assessment of activities being completed with CDBG funds; and

5. costs of complying with procedural requirements for acquisition subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) of 1970, as amended, but not for the cost of the real property.

Questions regarding the FY 2006 Community Development Program should be directed to your OHCP Field Representative, or Rollin Seward, OHCP Field Services Section Manager, at (614) 466-2285.

Sincerely,

Leslie J. Warner, Office Chief
Office of Housing and Community Partnerships

LJW/RS/MD

March 22, 2006

The Honorable Bob Ney, Chairman
Subcommittee on Housing and Community Opportunity
U.S. House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

RE: Testimony for the Field Hearing on "Strengthening Rural Ohio: A Review of the Community Development Block Grant Program" Friday, March 24, 2006, Knox County Commissioners Hearing Room, 117 East High Street, Suite 161, Mount Vernon, Ohio

Dear Chairman Ney,

Thank you for the opportunity to testify at the above-referenced hearing on the Community Development Block Grant (CDBG) Program.

CDC of Ohio is a small community development consulting firm that has assisted small and rural communities for almost 40 years. Since the inception of the CDBG program in 1976, our firm has successfully obtained over $83 million in federal grants for our clients for various housing, economic development and community development projects. I have personally been with CDC of Ohio for almost 22 years and took over ownership of the firm in January 2003, along with my partner John Cleek.

During my tenure, I have seen dramatic results from the use and flexibility of CDBG funds in many rural communities throughout Ohio. When I started in 1984, rural communities were just finishing up $3 million multi-year CDBG grants administered by HUD. These grants were soon replaced by $1 million two-year Comprehensive Housing/Neighborhood Revitalization Grants administered by the State. Both of these grants targeted a neighborhood or small village and focused on demolition and replacement housing, housing rehabilitation and related neighborhood improvements such as storm sewers, sidewalks, streets and parks. These programs made a very visible and substantial impact, however, they were very competitive and only a very limited number of communities were able to receive the funds.

Beginning in 1993, the focus began to shift. The Home Investment Partnership Act was passed and the activities undertaken through the competitive housing programs were greatly expanded. In order to be eligible to receive the CDBG and HOME competitive housing funds, communities were required to complete a Community Housing Improvement Strategy (CHIS). This long-term planning study examines the overall housing needs of the Community's low-income population and establishes a plan of action to address these needs. Once the CHIS was approved by the state, a community was eligible to apply for a $500,000 Community Housing Improvement Program (CHIP) grant. The new CHIP grants are funded through CDBG, HOME and Ohio Housing Trust Funds and include low-income owner-occupied housing activities and infrastructure, as did the previous programs, but also expand on the flexibility of the programs by undertaking public rehabilitation, rental rehabilitation, tenant-based rental payment assistance, downpayment assistance, housing for special needs populations such as MR/DD, mental health and transitional housing and related public service activities. These activities can be very beneficial to the community by providing resources where none other exists. More communities are able to participate in the CHIP program than the earlier programs, however, $500,000 in 2006 funds doesn't go nearly as far as $3 million in 1980 funds.

President Bush's continued proposed additional cuts to the CDBG program would be devastating. With construction costs escalating, population increasing and communities getting older and having increased needs, reduction in CDBG funding would result in the decline of America's infrastructure. The elimination of the Section 108 Loan Guarantees, Rural Housing and Economic Development and the Brownfields Economic Redevelopment Initiative and moving these functions into the already crowded CDBG budget would greatly reduce the impact, intent and focus of the CDBG program. Due to the existing cuts in the CDBG program, the Ohio Department of Development has determined that public infrastructure activities will no longer be eligible under the CHIP program. It will strictly be a housing program, thus totally eliminating the original intent of neighborhood revitalization.

Ohio expects to receive $48,995,436 in CDBG funds in 2006. This is 14.2% less than 2004. In addition to the housing activities outlined above, Ohio offers small and rural communities several avenues to the CDBG funds. The first is the CDBG Community Development Program. In 2006, Ohio has $18,896,000 to divide between 80 non-entitlement counties and 84 small cities. This is a 10% decrease from 2005 and a 15% decrease from 2004 funding levels. In 2004, 116 small cities were eligible to receive a direct allocation.

Ohio also allocates CDBG funds statewide through a competitive Water and Sanitary Sewer Grant Program that has been reduced by 11% since 2004, an Economic Development Program that has seen a 14% reduction, a Downtown Revitalization Program which has been reduced by 4%, and only $3 million is allocated to a Community Distress Program.

If the proposed cuts for 2007 are enacted, Ohio as a whole would see an additional 25% decrease. If the national formula for distributing the funds is revised, Ohio stands to lose a substantial amount more. In 2004, Ohio had 80 counties and 116 cities eligible to receive a direct allocation of CDBG funds. The recent and proposed cuts would eliminate funding to 58 of these cities. This is horrific. These are the smallest communities with the least amount of resources to make up for the loss in the CDBG funding.

Without the CDBG funds, rural communities would not be able to meet a number of substantial needs. In order to most effectively utilize the limited funds, the Ohio Department of Development mandated local communities to develop a Community Assessment Strategy (CAS). Communities are required to examine all of the needs in the low- to moderate-income neighborhoods and population in general, prioritize the needs and select Target Areas that include highly distressed areas with the greatest needs. Communities must then request to use CDBG funds for activities in the Target Areas and prioritized in the CAS. This ensures that communities use the funds for well thought out priority needs.

As have many rural communities in Ohio, Knox County and Mount Vernon have benefited greatly from the CDBG program. Since Fiscal Year 2000 Knox County has received $1,169,200 in CDBG funds and Mount Vernon has received $2,236,500. The majority of these funds were obtained through the competitive programs. Since 2004, Knox County's direct allocation has decreased 15% from $148,000 to $126,000. Mount Vernon's has decreased 15.3% from $85,000 to $72,000. The proposed cuts would decrease these allocations another 25% to $95,000 and $54,000 respectively.

Below is a description of several activities that have been completed or are currently being undertaken in Knox County and Mount Vernon that would not have been possible without the use of the CDBG funds:

- **Taylor, Wooster, McGibney Road Improvements**

  The project utilized Knox County and Mt. Vernon CDBG funds, Mount Vernon and Clinton Township General Funds, and State Issue 2 funds to provide safe pedestrian access along Taylor, Wooster and McGibney Roads between Dan Emmett Elementary School and Hiawatha Park and Municipal Swimming Pool. A Total of 6,127 L.F. of storm sewer and 5,650 L.F. of sidewalk

were constructed. The improvements primarily benefited the 732 people who live in the area and walk to the school and swimming pool. A staggering 93.3% of the residents are low- to moderate-income (80% or less of Knox County Median Income).

Project Funding:

Mt. Vernon Competitive CDBG Community Distress Grant	$300,000
Mt. Vernon FY 2000 CDBG Formula	70,000
Mt. Vernon FY 2003 CDBG Formula	70,000
Knox County FY 2003 CDBG Formula	12,460
Clinton Township Funds	12,460
Mt. Vernon General Funds	47,460
State Issue 2 Funds	298,000
Total Project Costs:	$810,380

$452,460 CDBG Funds Leveraged $357,920 in Other Funds and Benefited 732 people.

- **New Directions Domestic Abuse Shelter Rehabilitation**

New Directions Domestic Abuse Shelter provides safe housing for approximately 75 abused and battered women and children on an annual basis. The shelter provides support services for over 500 people annually. Knox County used CDBG and local funds to substantially rehabilitate the shelter so it could continue to serve the domestic violence needs of the County for years to come.

Project Funding:

Knox County FY 2002 CHIP/CDBG	$31,000
The Mount Vernon/Knox County Community Trust	10,267
Licking/Knox Community Mental Health & Recovery Board	20,795
Knox County General Funds	10,000
Total Project Costs:	$72,062

$31,000 CDBG Funds Leveraged $41,062 in Other Funds and Benefited 500 people.

- **Mount Vernon West End Neighborhood Improvements**

The City of Mount Vernon has recently received a $300,000 FY 05 CDBG Community Distress Grant, an $80,000 FY 05 CDBG Formula Grant and a $500,000 FY 05 CDBG/HOME/Ohio Housing Trust Fund (OHTF) CHIP Grant. The funds will primarily benefit the City's West End Neighborhood which includes 2,747 people of whom 63% are low- to moderate-income. Specific activities being undertaken include: the installation of 2,400 L.F. of storm sewer, 15 catch basins and 1 culvert; improvements to Riverside Park including rehabilitation of the park's shelter house, 3 new drinking fountains and 1,200 L.F. of sidewalk; assistance with the conversion of the B&O Railroad Depot to a community center including 325 L.F. of sidewalk, water and sewer laterals, a new HVAC system and Americans with Disabilities Act compliance; and the resurfacing of 8,225 L.F. of streets. In addition, 14 low- to moderate-income homeowners will receive needed home repairs; 4 households will receive Downpayment/ Rehabilitation assistance to help them purchase a home; Habitat For Humanity of Knox County Ohio Inc. will build 1 home and 12 very low-income households will receive tenant-based rental assistance.

Project Funding:

Mt. Vernon FY 2005 CDBG Community Distress Grant	$300,000
Mt. Vernon FY 2005 CDBG Formula Grant	80,000
Mt. Vernon FY 2005 CHIP Grant	500,000
• CDBG = $290,000	
• HOME = $190,000	
• OHTF = $20,000	
Mt. Vernon General Funds	86,000
Private Donations	104,000
Habitat For Humanity of Knox County Ohio, Inc.	40,000
Kno-Ho-Co Community Action Agency HWAP Assistance	6,400
Downpayment Private Mortgages	300,000
Total Project Costs:	$1,416,400

$670,000 CDBG Funds Leveraged $746,400 in Other Funds and Benefiting 2,747 people.

- **Village of Danville Improvements**

The Village of Danville is located in northeastern Knox County and according to the 2000 Census contains 1,104 people of whom 57.9% are low- to moderate-income (80% or less of Knox County Median Income). The village primarily serves the adjacent farming community and Amish. There are no large employers or substantial tax base. The village has an extremely limited general budget.

Due to the village's large low-income population, limited budget and distressed housing and infrastructure, Knox County has targeted a substantial amount of its CDBG funds to the village. Danville was the primary target area for the County's FY 2002 and FY 2004 CHIP grants, as well as a recipient of the County's FY 2002 and FY 2004 CDBG Formula funds. Activities completed or being undertaken include: 1,864 L.F. of storm sewer and 30 catch basins; 14 water valves and 16 fire hydrants installed; 31 low-income home repairs; 2 new homes constructed by Habitat For Humanity; and 1 household will be provided with Downpayment/Rehabilitation Assistance.

Project Funding:

Knox County FY 2002 CHIP	$285,388
• CDBG = $267,635	
• HOME = $17,753	
Knox County FY 2004 CHIP	381,471
• CDBG = $283,471	
• HOME = $48,000	
• OHTF = $50,000	
Knox County FY 2002 CDBG Formula	17,184
Knox County FY 2004 CDBG Formula	62,000
Habitat For Humanity of Knox County, Ohio	100,000
Village of Danville	20,000
Downpayment Private Mortgages	66,000
Kno-Ho-Co Community Action HWAP	8,400
Total Project Costs:	$940,443

$630,290 CDBG Funds Leveraged $310,153 in Other Funds and Benefiting 1,104 people.

- **Mount Vernon Downtown Revitalization Activities**

  Mount Vernon has received $1.2 million in competitive CDBG Downtown Revitalization funds since 1994. The City's most recent grant was in 2001 for $400,000. The FY 2001 grant resulted in 1,170 L.F. of streetscape improvements and 32 buildings were improved. The grant leveraged a total of $1.821 million in private and city funds.

  $400,000 CDBG Funds Leveraged $1.821 Million in Other Funds and Benefiting 54,500 people.

In addition to the specific activities outlined above, the CDBG program has enabled Knox County and Mount Vernon a means to complete numerous smaller projects where no other funding was available. One example of this is compliance with the Americans With Disabilities Act. In order to comply with the mandates of this Act, the City and County have retrofitted elevators, doors and restrooms, built new ramps and curb cuts and installed costly wheelchair lifts in public buildings and public areas throughout the City and County. Without the CDBG funds, these projects would not have been possible.

All of the CDBG activities undertaken by Knox County and Mount Vernon directly benefit low- to moderate-income persons and the benefit can be easily identified. As outlined above, the projects are tracked by the number of units repaired or the number of lineal feet installed, etc. In order to better meet President Bush's Performance Measurements Objectives, the Ohio Department of Development is revising the way local grantees report the specific outcomes. These new measures should be in place by 2007. However, a walk through Mount Vernon's vibrant downtown or a walk along the sidewalk on McGibney Road or a discussion with local service providers will provide a testament to the incredible benefits of the CDBG program and its vital role in community development.

As a consultant, I work with rural communities throughout Ohio. Every community can demonstrate the tremendous benefits of the CDBG program. Every community can also provide a list of distressed areas and millions of dollars worth of unmet needs. The CDBG program is critical to meeting these needs of the low-income population of rural Ohio. Any cuts in the CDBG program or any change in the funding formula would be devastating to rural Ohio and would greatly increase the distress and unmet needs. Without the CDBG program fully funded, low-income community revitalization and housing efforts will cease to exist.

Thank you again for this opportunity to testify.

Sincerely,

CDC OF OHIO, INC.

Amy W. Schocken, Partner

Encl.

AWS/cr

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COMMISSIONERS:
Thomas C. McLarnan
Allen Stockberger
Robert S. Wise

CLERK/ADMINISTRATOR
Rochelle Shackle

KNOX COUNTY BOARD OF COMMISSIONERS
117 East High Street, Suite #161
Mount Vernon, Ohio 43050
Telephone : 740-393-6703 Fax: 740-393-6705
Email: rochelle@ecr.net
www.knoxcountyohio.org

March 22, 2006

The Honorable Bob Ney, Chairman
Subcommittee on Housing and Community Opportunity
U. S. House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

RE: **Testimony for the Field Hearing on "Strengthening Rural Ohio: A Review of the Community Development Block Grant Program" Friday, March 24, 2006, Knox County Commissioners Hearing Room, 117 East High Street, Suite 161, Mount Vernon, Ohio**

Dear Chairman Ney:

I would like to address Formula Community Development Block Grants first. We, in Knox County, Ohio, have appreciated the flexibility of the Formula Program. We have used these dollars to bring buildings into American Disability Act (ADA) Compliance. Without these funds being available, some of the political subdivisions would not have been able to complete these much needed and mandated improvements. We have also used these dollars to complete projects such as parks and improvements; sidewalks; storm water drainage; Domestic Abuse Shelter improvements; substance abuse facility. All of these improvements are benefiting low-moderate income members of our community.

The next area of testimony I wish to speak upon is the county's Community Housing Improvement Program (CHIP) grant funds. My favorite component of CHIP is the same as the President's, to expand homeownership and opportunity. Other components Knox County utilizes under the CHIP program is to provide funding for Habitat for Humanity projects and other "bricks and mortar" projects such as water and sewer to unserved/low-income communities.

In conclusion, Knox County has appreciated the CDBG programs. We recognize the need to be fiscally responsible. If budget cuts must be made, please save the flexibility and "bricks and mortar" components of the program.

I appreciate this opportunity you have granted Knox County in testifying at this hearing.

Sincerely,

BOARD OF KNOX COUNTY
COMMISSIONERS

Allen Stockberger

Allen Stockberger, President

AS/rs

From: Naomi Compton [mailto:compton@intergate.com]
Sent: Saturday, March 11, 2006 3:11 AM
To: Ney, Robert
Subject: RE: Proposal to reduce CDBG Program

Dear Congressman Ney;

As a Councilwoman for the Village of Alexandria, Licking County, Ohio, I am endorsing your campaign to preserve funding for the CDBG program. These funds are imperative to poor rural communities such as mine for revitalization and improvement. Please also continue your fight to maintain administration of CDBG funds at a state and local levels.

Let me give examples of how CDBG funds are helping our community. With CDBG funds, our rural village of approximately 500 is preparing to start construction on a much-needed public sewer system. We have also recently been awarded $150,000 in Tier 3 CDBG Downtown Revitalization grants to renovate the deserted central building in our once bustling business block; this will help bring businesses, needed services, and possibly a small amount of jobs back to our community. We are also preparing to apply for CDBG funds for much-needed streetscape improvements. With the help of these funds and positive marketing on our part, potential businesses are already making inquiries...and for the first time in decades, a physician's practice is negotiating to locate in Alexandria.

On behalf of the Village of Alexandria and Village Council, I ask you to present these examples to relevant members of the Appropriations Committee...tell them to truly look at how CDBG funds work to upgrade and restore small communities already ravaged by cuts in funding.

Thank you for your support and assistance in this vital matter.

Sincerely,

Naomi Mattingly Compton, Alexandria Village Council

Home Address: 237 West Main Street, Alexandria, OH 43001

Home Phone: (740) 924-4855

compton@intergate.com

Marion City/County
REGIONAL PLANNING COMMISSION
222 W. CENTER ST., MARION, OHIO 43302-3646
PHONE (740) 223-4140
FAX (740) 223-4149
EMAIL mcrpc@gte.net

March 23, 2006

U. S. Representative Robert Ney
House Subcommittee on Housing & Community Opportunity
c/o Knox County Board of Commissioners
117 East High St.
Suite 161
Mount Vernon, Ohio 43050

RE: Community Development Block Grant Program

Dear Representative Ney and Subcommittee members,

The Marion County Regional Planning Commission administers the City of Marion and the Marion County's CDBG programs which are made available through the Ohio Dept. Of Development's Small Cities Program. Citizens of both the City and the County have benefitted greatly from the CDBG program. The CDBG program has a positive impact on communities in many ways. It forces communities and local elected officials to regularly evaluate the needs of the poor and to strategically plan for how to address these needs in a way that best utilizes limited resources. It requires officials and constituents to become familiar with federal fair housing laws, ADA lead-based paint abatement and historic preservation policies. As a result, the overall benefits are greater than simply the grant outcomes or beneficiaries listed on the IDIS system.

Federal Community Development Block Grant funds are extremely valuable at the local level because of their flexibility of use in meeting the three national objectives: benefitting low-and moderate-income people, job creation and the elimination of slum and blight. The City of Marion and Marion County have been able to independently and jointly undertake projects which are crucial for the growth our community. For example:

1. Economic Development: Community Development Block Grants help funded infrastructure projects that enabled two industrial parks to be developed. The industrial parks were instrumental in attracting new businesses with national and worldwide markets. One park has 450 employees and the other has 700 employees. Seed money originally provided by CDBG was used to establish the local small business revolving loan programs for both the City and the County. Both of these funds are still active and been loaned out and returned repeatedly with success.

2. Downtown Development: Block Grant funds assisted in the renovation of an abandoned downtown 8 story, historic hotel converting it into a 67-unit affordable housing project and has funded over thirty facade renovations in downtown Marion.

3. Housing: Block Grant has funded owner- and renter- occupied housing rehabilitation for low- and moderate-income households, as well as been used in partnership with non-profits focusing on housing special populations. For example, partnering with Goodwill Industries and Residential Housing Association of Marion (RHAM) which provide housing for people with physical disabilities and developmental disabilities, respectively. Our community has also used CDBG funds to partner with the Marion Emergency Shelter serving homeless population and Turning Point, a shelter for victims of domestic violence. Block Grant and HOME funds have also been instrumental in providing tenant based rental assistance vouchers to low-income renters in Marion.

4. Historic and Cultural Preservation: Community Development Block grant funds have been used to make physical improvements to several local cultural resources such as the Palace Theatre, a historic performing arts theater, Heritage Hall, a historical museum, the Marion Union Train Station, historic train station, and this year plans to make roof repairs to the Stengel-True Historic museum.

5. Infrastructure: The Block Grant program has allowed for many invaluable infrastructure improvements, particularly in low-and moderate-income neighborhoods. These activities include street widening and paving, storm and sanitary sewer installation, replacing or installing new curbs and sidewalks in crucial areas, and installing new accessible playground equipment at public parks. While these projects may be considered routine, the availability of CDBG funding has allowed them to be completed on a much shorter time table than if these neighborhoods had to wait their turn for local funding which is always in short supply.

6. Public Service: Block grant funds have also been used over the years to assist a wide variety of public services such as: community wide adult day care, family self-sufficiency classes for renters assisted by Metropolitan Housing Authority, a rural bus system, a day program at the homeless shelter and subsidized expanded medical services at the Center St. Community Clinic.

I cannot stress enough how important Community Development Block Grant funding is to Marion City and Marion County. Without CDBG funding, I am certain that many of these projects would not have been able to be funded. On behalf of the City of Marion and Marion County, Ohio, I would urge you not to cut the CDBG budget any further, and if possible restore it to prior funding levels.

Sincerely yours,

Evelyn Warr-Cummings

Evelyn Warr-Cummings
Assistant Director/ Grant Coordinator

March 24, 2006

To: Congressman Bob Ney

My name is Dale Hartle, and I am the President of Ohio Regional Development Corporation, a non profit agency that administers CDBG and other State and Federal grants across 16 cities and Counties of Ohio. We cover a population in excess of 600,000 I have been involved in this type of work for 30 years, administering millions of dollars of CDBG funds.

CDBG is the most comprehensive Federal funding source that we have to deal with the multiple needs that face communities and people in the nation. The types of activities accomplished involve acquisition and demolition of dilapidated properties, providing handicap accessibility for citizens homes, and in public places. Curbs and sidewalks, fire protection facilities and equipment. Flood and Drainage facilities, parking facilities, parks and recreation facilities, public improvements, public utilities, senior centers, street improvements, and water and sewer improvements, and housing needs.

All of these and more are the types of things that CDBG does to improve the communities we live in, improve the lives of the citizens, and repair or replace the infrastructure that is the life blood of sustaining viable communities. The economic stagnation we have experienced in Ohio and America is in part due to the age and condition of the infrastructure that our communities deal with.

We have experienced reductions in CDBG funding in recent years, and the Administration appears intent on further reduction or elimination entirely. Congressman, I find it ludicrous that this administration is attempting to cut such a vital program that that is a mainstay of rebuilding the infrastructure of much of America. These proposed cuts come in the face of America spending Hundreds of Billions of dollars each year in Iraq to rebuild water and sewer plants, electric stations, streets and highways and the many systems that we need in America.

It is my opinion that American citizens, American communities, and American businesses employing the citizens of this Country should be our first priority. We cannot afford to spend hundreds of Billions of Dollars in other countries, while cutting the funding for programs that make it possible for our citizens to live and work.

Congressman, it is time to place the needs of America's citizens first. CDBG needs to be fully funded, with additions for inflation. Failure to maintain healthy viable communities and families will destroy the heart of America and its ability to produce in the market place.

Thank you.

JEFFERSON TOWNSHIP TRUSTEES

P.O. Box 63 Phone: 740 884-4730
Richmond Dale, Ohio 45673-0063 Fax: 740-884-4605
Robert M. Wiles - Donald S. Dixon - Gary L. Gillum, Trustees Joyce E. Higgins, Clerk

March 21, 2006

Congressman Bob Ney
2438 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Ney:

I also have significant concerns over President Bush's FY 2007 budget proposal for the Department of Housing and Urban Development that will reduce funding for the CDBG.

Attached are signatures of the Ross County Commissioners and other Ross County Trustees who are also concerned.

Sincerely,

Robert M. Wiles, President
Jefferson Township Board of Trustees

The Ross County Trustees oppose the 25% cut to the Community Development Block Grant. (CDBC)

ROBERT M WILES	JEFFERSON TWP.
JAMES A MIETHER	PAXTON TWP
Gerald "Guy" McCorkle	Franklin Twp.
Robert E. DeLong	Colerain Twp
HAROLD W. BENNETT	Union Twp.
Chuck Schrader	Springfield Twp.
LEMAR BUSHATZ	Harrison Twp.
Chip Chenoweth	Deerfield Twp.
Eugene FRASURE	Twin Twp.
LARRY DEAL	HUNTINGTON Twp
CLAUDE F GRAY	HARRISON TWP
BRAD COSENZA	SCIOTO Township
Robert C. Schofield	GREEN TOWNSHIP TRUSTEE
Terry L Barron	Colerain Township Trup.
James M. Coldwell	Ross County Commissioner
Doug Corcoran	Ross County Commissioner
[illegible]	Ross County Commissioner

The Village of Hebron
Office of the Mayor
Hebron Municipal Complex
934 Main Street ~ Hebron, Ohio 43025
740-928-2261 Fax 740-928-5104

March 22, 2006

Honorable Chairman Ney, Committee Members and guests:

Thank you for allowing me the opportunity to speak on behalf of the residents of our village this morning. As a former council member and the current Mayor serving our community for more than 20 years I believe I have a unique perspective on the matter before the committee today.

I am a lifetime resident of the Village and while I serve my home community as an elected official I am also a full time Professional Fire Chief for another central Ohio community. As you might suspect, the opportunity to respond as a Firefighter/Paramedic to the needs of citizens in times of crisis has given me cause to consider many solutions to the safety and quality of life of our citizens. The CDBG (Community Development Block Grant) program has been a critical and integral part of implementing many of these solutions. I am before you today to support the CDBG program and to share with the committee what the program has meant and continues to mean to us at the local level.

Our small community does not enjoy the massive amounts of revenue some communities enjoy for large recreational centers, wide landscaped boulevards, fancy street lights and huge community centers. Our needs tend to be much more basic things like a simple sidewalk to get our children off of the edge of a busy State highway. This allows them to walk to parks and the library without being within four feet of semi trucks traveling at a high rate of speed. We need culverts and storm drains to improve drainage in residential areas that are 150 years old so people can stop living in fear of their basement flooding. We need curbs to retain the storm runoff and channel it out of town to alleviate annual flooding. We need shelter houses at our parks to protect the children when the storms roll in quickly and the lightning begins to strike and to have a place to gather for the annual pot luck trophy awards for the various programs. We need paved walkways so disabled grandparents can get up to the fence to watch a great grandchild hit that homerun or maybe kick a goal.

We recognize that it is our local responsibility to find ways to provide these improvements. Our elected officials, village staff and scores of volunteers work many long hours to make projects happen. As everyone knows, the types of community improvements I have mentioned are expensive. Our council has in the past, and will continue, to commit available funds to these improvements every year. Some years grants are not forthcoming and the projects are scaled back to those we can do with 100% funding from the village.

There have been many of these. Other years grants such as CDBG have played a major role in improving the quality of life for our residents and visitors.
Some of the projects have included the following:
1996, 1997, 1998.....A multi phase project to install storm drains, curbs and sidewalks was completed with major support from CDBG. This project not only enhanced the appearance of the area but significantly reduced flooding, created safe walking areas for residents and children and improved the quality of life for everyone in the area. There was one place where no sidewalk existed previously and children had to ride through a yard on bikes or on State Route 40 with high levels of traffic. CDBG helped put them on a sidewalk.

In the early 2000's a local philanthropic foundation was most generous in providing a large piece of ground for a park at the west end of the village. A flurry of activity took place with volunteers and "Natureworks" grants working together to develop soccer fields, baseball fields, a protected wetlands, a concession stand build by volunteers from the local "BIA" group and other Council funded improvements. It is truly a gem for our community. Unfortunately it was located at the end of a busy street that did not have sidewalks for safe access or a bridge to cross a large drainage channel. Children from all over the village had to walk or ride their bikes on a narrow road that is heavily trafficked to reach the park.

CDBG stepped in with a grant that helped Hebron to fund the installation of several sidewalks and a bridge over the stream and now everyone is able to reach the park safely on foot or bicycle or skates or skateboard or...oh well, you get the idea. People love the access and love the park and the amazing improvement in the quality of life it brings.

In 2001 the Village opened a new municipal building on a site at the far west side of the village. Part of the complex is an amazing library that is used extensively by everyone in the area. The Hebron elementary school is also in the west end of town and children often come in groups to tour the municipal complex and to visit the library. Until 2002 there were no sidewalks to reach the facility and once again Hebron found a wonderful partner in CDBG. A grant was issued for the completion of a sidewalk from the existing CDBG funded sidewalk at Ninth Street to the municipal complex and the flow of walkers and children is astounding.

The most recent project in partnership with CDBG is another sidewalk and storm drain that connects an area of low income housing with the sidewalks on West Main Street for access to the rest of the village. This apartment complex and housing area is located in such a way that children going to the local school to catch a school bus had to walk a very narrow strip adjacent to State Route 40 with traffic moving at 35-55 mph. It is amazing to me that no child was maimed or killed in this area. With CDBG assistance a sidewalk and bridge was installed that moved pedestrians 15+ feet from the roadway and a large drain was installed to improve storm runoff in the area.

In summary, CDBG and the Village of Hebron have been great partners in taking steps forward to improve the quality of life for residents and particularly the children of the village. I am very much aware that at high levels these programs appear to just be about concrete and sidewalks and drain pipes and many other very inanimate things. Please be assured that is not how CDBG funding is viewed by this community.

CDBG is about the child who gets to participate in a program at the park that they can safely reach on a bike or on foot and the impact the program has on that child's life. CDBG is about the heartbreaking funeral for the third grader that never happens because a sidewalk was installed. CDBG is about the 85 year old widow on Social Security who lives in her home of 50 years and does not have a flooded basement to cope with because the street storm drains were improved. CDBG is about the wheelchair confined person who can actually leave the house and go from one end of town to the other visiting with friends, having an ice cream cone on a summer day, and doing some shopping because CDBG helped put sidewalks and curbs in place.

CDBG is about people, and from my perspective is one of the most positive and productive programs I have witnessed in my many years of public service. Hebron is a much better place for everyone because of the CDBG funding and we hope to be a partner in this program for many years. Even in times of tight budgets the Village intends to continue helping the people of our community with these types of projects and to creatively find ways to fund them. Without CDBG funding the quantity and quality of projects will be significantly reduced and the safety and quality of life for our residents and children will be greatly diminished.

As a spokesman for the residents of Hebron I strongly encourage those who fund the CDBG program to seriously consider the impact of this program and the value it brings at the local level.

It seems to me that in these times of billions of dollars being dispensed by our Federal government around the world, sustaining and even increasing the funding for this and other programs that so directly benefit our fellow Americans should be of paramount importance to our elected representatives. I applaud your efforts as Chairman of this committee to highlight and support the needs of our local communities.

Thank you for the opportunity to share these comments with you today.

Original signed by

Clifford L. Mason
Mayor

○

Opening Statement of the Honorable Bob Ney
Chairman, Subcommittee on Housing and Community Opportunity

Hearing on

"Strengthening Ohio: A Review of the Community Development Block Grant Program"

Friday, March 24, 2006

I would like to welcome everyone this afternoon to Cambridge, Ohio and I would like to thank Tom Laughman and the Guernsey County Commissioners for allowing this Subcommittee to use its public hearing room for today's important discussions regarding HUD's Community Development Block Grant (CDBG) program.

The CDBG program, administered by the Department of Housing and Urban Development, is the federal government's largest and most widely available source of financial assistance to support state and local government-directed neighborhood revitalization, housing rehabilitation, and economic development activities. These formula-based grants are allocated to more than 1,100 entitlement communities (metropolitan cities with populations of 50,000 or more, and urban counties), the 50 states, Puerto Rico, and the insular areas of American Samoa, Guam, the Virgin Islands, and the Northern Mariana Islands. Grants are used to implement plans intended to address local housing, neighborhood revitalization, public services, and infrastructure needs, as determined by local officials with citizen input.

President Bush's FY07 budget proposal raises some interesting and serious questions about what role community development should play in helping local and state governments provide safe and affordable housing to its constituents. In addition to recommending a new formula change for CDBG that focuses more on the neediest communities, the Administration recommended a funding level for FY07 that is 27% below last year's enacted levels.

HUD's community development and housing programs build homeownership, support neighborhood revitalization, and increase access to affordable housing. These activities not only help individual communities, but also strengthen our nation's economy as a whole. Last year, well over $1 billion of CDBG funds were used for housing, resulting in homeowners receiving assistance to rehabilitate their homes, families becoming 1st-time homebuyers, and rental housing units being rehabilitated. In addition to housing, CDBG serves as a valuable tool for infrastructure enhancement, job creation, economic development, and public service projects. Without adequate funding from CDBG, critical improvements such as new storm sewers, road widening, and job development programs would not have taken place.

My goal as Chairman of the Housing Subcommittee is to make certain that the Department of Housing and Urban Development remains focused on housing and community development and that it has the tools necessary to continue to provide safe, decent, economically viable communities for our citizens. With such a significant decrease

in CDBG funding levels, I question whether the Department will continue to meet these admirable goals.

Last year, I was very vocal in my opposition to the Bush Administration's ill-fated proposal to move CDBG over to the Department of Commerce. The CDBG program is based on the concept that local communities and states can best determine priority community development needs and then develop strategies and programs to address those needs. This local flexibility is a hallmark of the program. CDBG helps create a web of programs designed to strengthen our communities, and all need adequate funding to be successful.

For today's hearings, I have pulled together a wide assortment of leaders from our local communities. I hope everyone will join me in supporting full-funding for the CDBG program so we do not jeopardize the ability of countless moderate-income communities to create jobs and affordable housing opportunities for lower income working families.

TESTIMONY OF AANE AABY BEFORE THE HOUSE SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY

FRIDAY, MARCH 24, 2006, 2:00 P.M.
GUERNSEY COUNTY COMMISSION CONFERENCE ROOM
627 WHEELING AVENUE
CAMBRIDGE, OHIO

My name is Aane Aaby. I am the Community Development Director for the City of Massillon, Ohio. I have been employed by the City of Massillon since 1973, when I was hired as the Project Coordinator for the City's Neighborhood Development Program or N.D.P. An N.D.P. was a type of categorical grant program administered by the U. S. Department of Housing and Urban Development (HUD), and was a type of limited purpose urban renewal program. It is with a sense of some irony that I report that on the very day I was hired by the City of Massillon in 1973, then President Nixon had imposed a moratorium suspending all HUD categorical grant programs. So I had been hired to administer a program whose future funding was in limbo.

However, President Nixon, and later, President Ford, had a plan for local communities – to return to them some of their tax dollars in the form of block grants, giving local communities the flexibility and discretion to use these dollars as they fit, provided these dollars were used wisely to achieve certain Federally mandated objectives, namely the provision of decent affordable housing, the creation of a suitable living environment, and the expansion of economic opportunity, all objectives primarily for the benefit of low and moderate income persons. Initially called the Better Communities Act, the program eventually passed Congress as the Housing and Community Development Act of 1974.

In 1975, I was appointed Assistant Planning Director for Massillon and given the responsibility for administering the City's Hold Harmless CDBG Entitlement. Massillon was designated as a Hold Harmless community because, although we were not large enough at the time to qualify as an entitlement grantee, we had previously received NDP and Open Space categorical grants from HUD, and were allocated CDBG funds to maintain the continuity of our efforts.

In 1985, Massillon was officially designated by HUD as an entitlement community under the CDBG Program, and in 1988 I was named Community Development Director for the City of Massillon, a position I still hold.

However, I am also appearing before this Subcommittee as a representative of another organization. I am currently the President of the Ohio Conference of Community Development (OCCD), a 165 member organization of local government community development officials. OCCD has a broad membership representing the broad spectrum of communities in Ohio – from large urban areas such as Cleveland, Columbus, and Cincinnati, to some of our most rural villages and counties. Four times a year, our membership gathers for a day and a half to meet with our HUD and Ohio Department of

Development representatives, to learn about the newest initiatives at the Federal and State level, to hear presentations on topics of interest in the field, including best practices and award winning projects, and to receive training and instruction on important programmatic elements involving housing and community development issues. We are now in the process of instituting a state-wide training and certification program for community development officials. OCCD is an important organization for Ohio communities, and I am pleased to be able to serve the members as their current President.

So, I am here before the Subcommittee wearing two hats: I am representing the City of Massillon and I am representing the Ohio Conference of Community Development. But I am here with one purpose – to advocate for the restoration of full funding for the Community Development Block Grant Program.

The last 5 years have seen dramatic decreased in CDBG funding for Ohio Communities. In FY 2001, Massillon's CDBG entitlement was $956,000. For FY 2006, our CDBG grant will be $749,597. This is a decrease of over $200,000, or a 21% loss of funding over a 5 year period. FY 2006 will be especially difficult as our entitlement amount for this year alone was reduced by almost 11% from 2005 totals.

For all 43 Ohio entitlement communities, the total loss of CDBG funding over the 5 year period from 2001 is more than $26 million dollars, $12 million dollars in the last year alone. The State of Ohio is responsible for administering and allocating CDBG funding to Ohio's small cities and non-Urban counties. During the 5 year period from 2001, the State of Ohio's CDBG Program has lost over $8 million in CDBG funding, with a $5.5 million reduction in the last year.

And now we see that President Bush has proposed further cuts for FY 2007 effectively reducing funding for community development by another 27%, while also trying to "reform" CDBG by changing the formula for funding distribution and providing so-called "bonus" funds to certain other communities that achieve certain benchmarks. These cuts, if enacted would be devastating to Ohio communities. I have estimated that Ohio Entitlements would lose an additional $30 million and the State of Ohio would lose another $13 million dollars. If the budget is enacted as proposed, Massillon's CDBG Program will suffer a total 42% loss of block grant funding from 2001 levels.

But how do funding reductions affect my community. How are Massillon's programs being impacted? In Massillon, we use CDBG block grants to operate such programs as housing rehabilitation, code enforcement, neighborhood street improvements, demolition and clearance, and youth recreation. We also provide funding to a variety of local organizations, including:

- Massillon Main Street which provides exterior renovation and façade restoration grants to downtown commercial buildings.

- Walnut Hills Residents Association, a neighborhood-based organization designed to promote the revitalization of this low income area.

- Massillon Urban League (now Greater Stark County Urban League), which provides housing counseling services and teen pregnancy prevention classes.
- Stark County Community Services, which operates the Family Living Center homeless shelter in Massillon.
- Domestic Violence Project, which operates a domestic violence shelter in Massillon.
- West Medical Clinic, which provides free health services for low income uninsured households.
- West Stark Family Services, which provides homemaker services to elderly and handicapped households, enabling such residents to remain their homes.
- YMCA of Massillon which helps pay for child care services for families in crisis.
- Massillon Commission to Advance Literacy, which provides adult literacy training.
- Faith in Action of Western Stark County, a faith based organization which provides caregiver services to the frail elderly.
- Lighthouse Visions, which provides life skills education classes for foster children.

Reductions in funding inevitably lead to loss of services. Every $5,000 reduction for housing rehabilitation means one less home repair project assisting a single parent household or elderly homeowner, Every $5,000 reduction for demolition and clearance activities means that one less vacant dilapidated structure can be torn down resulting in the continuation of blight in low income neighborhoods.

Reductions in funding inevitably mean the loss of funding to local organizations for their programs. This means less funding for homeless shelters, domestic violence shelters, free medical clinics, housing counseling, child care, and elderly services.

The City does not put together its CDBG Program in any sort of arbitrary or capricious fashion. We have put a lot of time and effort in the preparation of a 5-Year Plan called the Consolidated Plan for Community Improvement. The Consolidated Plan provides and in-depth analysis of the City's housing, homeless, and community development needs and establishes objectives to be achieved. It puts forth a strategic plan to achieve its identified housing and community development objectives. After all that, an annual Action Plan is prepared each year, allocating our CDBG entitlement to specific projects and activities designed to implement the strategic plan.

All of this planning is done through a citizen participation process designed to provide input from local groups and organizations. These steep funding reductions, both real and proposed, which we are facing, are causing a number of problems locally. Loss of funding means fewer activities, less funding or no funding for local organizations. We identify all these housing, homeless, and community development needs in our Consolidated Plan, then we are denied the funding needed to make meaningful progress in addressing these problems. We ask for community input from local organizations on one hand, then are forced to offer only limited, or maybe even no funding, for their programs. The proposed 27% funding reduction for FY 2007 will, in all likelihood, if enacted, mean the end of funding to any local organizations in Massillon. Loss of such funding will definitely impact the quality of services available to serve the neediest of Massillon residents – those elderly and single parent households living in substandard housing, those families in crisis facing homelessness, in need of child care, or in need of medical services, those elderly in need of homemaker and caregiver services.

Cities like Massillon need these community development dollars. The activities provided with these funds cannot be carried out with general fund dollars. The City has no local funding for housing rehabilitation, home repair assistance, or for local public services. Economic downturs have strapped City budgets – making it extremely difficult to provide for such basic City ervices as police and fire protection, pothole repair, snow removal, and the like. CDBG is part of the implied pact between local and Federal governments, returning a portion of Federal tax dollars back to local communities, giving local governments the flexibility to use these dollars as needed to meet real identified community needs, while still adhering to a Federally mandated framework of regulation and oversight. The institution of Performance Measurements is an important step in the ongoing process of monitoring and evaluation needed to better document the results and benefits from the expenditure of CDBG dollars.

Massive funding reductions will not reform CDBG, it will only destroy the program, signaling the Federal government's abandonment of local communities and the neediest populations within our communities, leaving local government lacking the very resources needed to help solve some of the nation's most difficult problems. And ultimately, that is really what's it all about. These are not just Massillon's problems. They are Cleveland's, Dayton's, Cambridge's, and Guernsey County's. Collectively, these are the nation's problems, and that is why we need a national program to address them. That is why we need a fully funded Community Development Block Grant Program. Thank you for your attention.

OHIO CDBG FUNDING - ESTIMATED IMPACT FY 2007 BUDGET CUTS

NAME	CDBG FY06	CDBG FY 07 at 27% Reduction	Estimated Gain (Loss) 2006-2007	CDBG FY01	Estimated Gain (Loss) 2001-2007	Change 2001-2007
AKRON	$6,987,734	$5,101,046	($1,886,688)	$8,762,000	($3,660,954)	-41.78%
ALLIANCE	$702,396	$512,749	($189,647)	$879,000	($366,251)	-41.67%
BARBERTON	$765,214	$558,606	($206,608)	$965,000	($406,394)	-42.11%
BOWLING GREEN	$312,699	$228,270	($84,429)	$430,000	($201,730)	-46.91%
CANTON	$2,965,275	$2,164,651	($800,624)	$3,798,000	($1,633,349)	-43.01%
CINCINNATI	$13,741,138	$10,031,031	($3,710,107)	$17,343,000	($7,311,969)	-42.16%
CLEVELAND	$24,564,539	$17,932,113	($6,632,426)	$30,794,000	($12,861,887)	-41.77%
CLEVELAND HEIGHTS	$1,773,674	$1,294,782	($478,892)	$1,991,000	($696,218)	-34.97%
COLUMBUS	$6,638,811	$4,846,332	($1,792,479)	$8,864,000	($4,017,668)	-45.33%
CUYAHOGA FALLS	$719,311	$525,097	($194,214)	NA	#VALUE!	#VALUE!
DAYTON	$6,501,915	$4,746,398	($1,755,517)	$8,496,000	($3,749,602)	-44.13%
EAST CLEVELAND	$1,144,036	$835,146	($308,890)	$1,381,000	($545,854)	-39.53%
ELYRIA	$671,358	$490,091	($181,267)	$768,000	($277,909)	-36.19%
EUCLID	$1,057,300	$771,829	($285,471)	$1,297,000	($525,171)	-40.49%
FAIRBORN	$272,753	$199,110	($73,643)	$454,000	($254,890)	-56.14%
HAMILTON CITY	$1,537,798	$1,122,593	($415,205)	$1,905,000	($782,407)	-41.07%
KENT	$310,537	$226,692	($83,845)	$443,000	($216,308)	-48.83%
KETTERING	$540,899	$394,856	($146,043)	$547,000	($152,144)	-27.81%
LAKEWOOD	$2,236,199	$1,632,425	($603,774)	$2,669,000	($1,036,575)	-38.84%
LANCASTER	$579,364	$422,936	($156,428)	$675,000	($252,064)	-37.34%
LIMA	$1,255,402	$916,443	($338,959)	$1,527,000	($610,557)	-39.98%
LORAIN	$1,294,772	$945,184	($349,588)	$1,639,000	($693,816)	-42.33%
MANSFIELD	$988,972	$721,950	($267,022)	$1,128,000	($406,050)	-36.00%
MARIETTA	$450,554	$328,904	($121,650)	$546,000	($217,096)	-39.76%
MASSILLON	**$749,597**	**$547,206**	**($202,391)**	**$956,000**	**($408,794)**	**-42.76%**
MENTOR	$184,987	$135,041	($49,946)	$254,000	($118,959)	-46.83%
MIDDLETOWN	$680,116	$496,485	($183,631)	$759,000	($262,515)	-34.59%
NEWARK	$868,885	$634,286	($234,599)	$999,000	($364,714)	-36.51%
PARMA	$968,451	$706,969	($261,482)	$1,107,000	($400,031)	-36.14%
SANDUSKY	$826,607	$603,423	($223,184)	NA	#VALUE!	#VALUE!
SPRINGFIELD	$2,039,675	$1,488,963	($550,712)	$2,627,000	($1,138,037)	-43.32%
STEUBENVILLE	$767,315	$560,140	($207,175)	$1,000,000	($439,860)	-43.99%
TOLEDO	$8,107,607	$5,918,553	($2,189,054)	$10,087,000	($4,168,447)	-41.32%
WARREN	$1,346,344	$982,831	($363,513)	$1,662,000	($679,169)	-40.86%
YOUNGSTOWN	$4,141,938	$3,023,615	($1,118,323)	$5,713,000	($2,689,385)	-47.07%
BUTLER COUNTY	$1,183,266	$863,784	($319,482)	$1,498,000	($634,216)	-42.34%
CUYAHOGA COUNTY	$3,581,613	$2,614,577	($967,036)	$3,716,000	($1,101,423)	-29.64%
FRANKLIN COUNTY	$1,874,991	$1,368,743	($506,248)	$2,239,000	($870,257)	-38.87%
HAMILTON COUNTY	$3,092,202	$2,257,307	($834,895)	$3,572,000	($1,314,693)	-36.81%
LAKE COUNTY	$1,416,668	$1,034,168	($382,500)	$1,598,000	($563,832)	-35.28%
MONTGOMERY COUNTY	$1,922,771	$1,403,623	($519,148)	$2,579,000	($1,175,377)	-45.57%
STARK COUNTY	$1,473,375	$1,075,564	($397,811)	$1,723,000	($647,436)	-37.58%
SUMMIT COUNTY	$1,062,122	$775,349	($286,773)	$1,742,000	($966,651)	-55.49%
OHIO STATE PROGRAM	**$48,995,436**	**$35,766,668**	**($13,228,768)**	**$57,266,000**	**($21,499,332)**	**-37.54%**
ALL ENTITLEMENTS (except State)	**$114,301,180**	**$83,439,861**	**($30,861,319)**	**141,132,000**	**($57,692,139)**	**-40.88%**

OHIO CDBG FUNDING 2001 - 2006

NAME	CDBG FY06	CDBG FY01	Gain (Loss) 2001-2006	CHANGE 2001-2006
AKRON	$6,987,734	$8,762,000	($1,774,266)	-20.25%
ALLIANCE	$702,396	$879,000	($176,604)	-20.09%
BARBERTON	$765,214	$965,000	($199,786)	-20.70%
BOWLING GREEN	$312,699	$430,000	($117,301)	-27.28%
CANTON	$2,965,275	$3,798,000	($832,725)	-21.93%
CINCINNATI	$13,741,138	$17,343,000	($3,601,862)	-20.77%
CLEVELAND	$24,564,539	$30,794,000	($6,229,461)	-20.23%
CLEVELAND HEIGHTS	$1,773,674	$1,991,000	($217,326)	-10.92%
COLUMBUS	$6,638,811	$8,864,000	($2,225,189)	-25.10%
CUYAHOGA FALLS	$719,311	NA	#VALUE!	#VALUE!
DAYTON	$6,501,915	$8,496,000	($1,994,085)	-23.47%
EAST CLEVELAND	$1,144,036	$1,381,000	($236,964)	-17.16%
ELYRIA	$671,358	$768,000	($96,642)	-12.58%
EUCLID	$1,057,300	$1,297,000	($239,700)	-18.48%
FAIRBORN	$272,753	$454,000	($181,247)	-39.92%
HAMILTON CITY	$1,537,798	$1,905,000	($367,202)	-19.28%
KENT	$310,537	$443,000	($132,463)	-29.90%
KETTERING	$540,899	$547,000	($6,101)	-1.12%
LAKEWOOD	$2,236,199	$2,669,000	($432,801)	-16.22%
LANCASTER	$579,364	$675,000	($95,636)	-14.17%
LIMA	$1,255,402	$1,527,000	($271,598)	-17.79%
LORAIN	$1,294,772	$1,639,000	($344,228)	-21.00%
MANSFIELD	$988,972	$1,128,000	($139,028)	-12.33%
MARIETTA	$450,554	$546,000	($95,446)	-17.48%
MASSILLON	**$749,597**	**$956,000**	($206,403)	**-21.59%**
MENTOR	$184,987	$254,000	($69,013)	-27.17%
MIDDLETOWN	$680,116	$759,000	($78,884)	-10.39%
NEWARK	$868,885	$999,000	($130,115)	-13.02%
PARMA	$968,451	$1,107,000	($138,549)	-12.52%
SANDUSKY	$826,607	NA	#VALUE!	#VALUE!
SPRINGFIELD	$2,039,675	$2,627,000	($587,325)	-22.36%
STEUBENVILLE	$767,315	$1,000,000	($232,685)	-23.27%
TOLEDO	$8,107,607	$10,087,000	($1,979,393)	-19.62%
WARREN	$1,346,344	$1,662,000	($315,656)	-18.99%
YOUNGSTOWN	$4,141,938	$5,713,000	($1,571,062)	-27.50%
BUTLER COUNTY	$1,183,266	$1,498,000	($314,734)	-21.01%
CUYAHOGA COUNTY	$3,581,613	$3,716,000	($134,387)	-3.62%
FRANKLIN COUNTY	$1,874,991	$2,239,000	($364,009)	-16.26%
HAMILTON COUNTY	$3,092,202	$3,572,000	($479,798)	-13.43%
LAKE COUNTY	$1,416,668	$1,598,000	($181,332)	-11.35%
MONTGOMERY COUNTY	$1,922,771	$2,579,000	($656,229)	-25.45%
STARK COUNTY	$1,473,375	$1,723,000	($249,625)	-14.49%
SUMMIT COUNTY	$1,062,122	$1,742,000	($679,878)	-39.03%
OHIO STATE PROGRAM	**$48,995,436**	**$57,266,000**	**($8,270,564)**	**-14.44%**
ALL ENTITLEMENTS (except State)	**$114,301,180**	**$141,132,000**	**($26,830,820)**	**-19.01%**

OHIO CDBG FUNDING FY 2005 - 2006

NAME	CDBG FY06	CDBG FY05	Gain/(Loss) 2005-2006	CHANGE 2001-2006
AKRON	$6,987,734	$7,792,628	($804,894)	-10.33%
ALLIANCE	$702,396	$788,887	($86,491)	-10.96%
BARBERTON	$765,214	$850,420	($85,206)	-10.02%
BOWLING GREEN	$312,699	$348,289	($35,590)	-10.22%
CANTON	$2,965,275	$3,319,536	($354,261)	-10.67%
CINCINNATI	$13,741,138	$15,288,842	($1,547,704)	-10.12%
CLEVELAND	$24,564,539	$27,429,753	($2,865,214)	-10.45%
CLEVELAND HEIGHTS	$1,773,674	$1,968,638	($194,964)	-9.90%
COLUMBUS	$6,638,811	$7,397,066	($758,255)	-10.25%
CUYAHOGA FALLS	$719,311	$798,216	($78,905)	-9.89%
DAYTON	$6,501,915	$7,241,610	($739,695)	-10.21%
EAST CLEVELAND	$1,144,036	$1,270,112	($126,076)	-9.93%
ELYRIA	$671,358	$739,003	($67,645)	-9.15%
EUCLID	$1,057,300	$1,162,974	($105,674)	-9.09%
FAIRBORN	$272,753	$304,302	($31,549)	-10.37%
HAMILTON CITY	$1,537,798	$1,715,737	($177,939)	-10.37%
KENT	$310,537	$347,271	($36,734)	-10.58%
KETTERING	$540,899	$586,932	($46,033)	-7.84%
LAKEWOOD	$2,236,199	$2,481,510	($245,311)	-9.89%
LANCASTER	$579,364	$639,713	($60,349)	-9.43%
LIMA	$1,255,402	$1,377,090	($121,688)	-8.84%
LORAIN	$1,294,772	$1,435,486	($140,714)	-9.80%
MANSFIELD	$988,972	$1,092,875	($103,903)	-9.51%
MARIETTA	$450,554	$505,971	($55,417)	-10.95%
MASSILLON	**$749,597**	$840,838	($91,241)	**-10.85%**
MENTOR	$184,987	$203,616	($18,629)	-9.15%
MIDDLETOWN	$680,116	$746,331	($66,215)	-8.87%
NEWARK	$868,885	$963,737	($94,852)	-9.84%
PARMA	$968,451	$1,050,765	($82,314)	-7.83%
SANDUSKY	$826,607	$918,886	($92,279)	-10.04%
SPRINGFIELD	$2,039,675	$2,257,261	($217,586)	-9.64%
STEUBENVILLE	$767,315	$856,981	($89,666)	-10.46%
TOLEDO	$8,107,607	$8,941,501	($833,894)	-9.33%
WARREN	$1,346,344	$1,493,762	($147,418)	-9.87%
YOUNGSTOWN	$4,141,938	$4,613,575	($471,637)	-10.22%
BUTLER COUNTY	$1,183,266	$1,313,111	($129,845)	-9.89%
CUYAHOGA COUNTY	$3,581,613	$3,779,047	($197,434)	-5.22%
FRANKLIN COUNTY	$1,874,991	$2,094,477	($219,486)	-10.48%
HAMILTON COUNTY	$3,092,202	$3,119,388	($27,186)	-0.87%
LAKE COUNTY	$1,416,668	$1,584,721	($168,053)	-10.60%
MONTGOMERY COUNTY	$1,922,771	$2,146,788	($224,017)	-10.43%
STARK COUNTY	$1,473,375	$1,638,193	($164,818)	-10.06%
SUMMIT COUNTY	$1,062,122	$1,186,496	($124,374)	-10.48%
OHIO STATE PROGRAM	**$48,995,436**	**$54,560,938**	**($5,565,502)**	**-10.20%**
ALL ENTITLEMENTS (except State)	**$114,301,180**	**$126,632,335**	**($12,331,155)**	**-9.74%**

City of Massillon CDBG Program
Comparison Between FY 2001 and FY 2005 Funding Levels

Housing & Community Development Activities	*FY 2001*	*FY 2005*	*% Change 2001 - 2005*
Housing Activities	$336,000	$280,000	-16.7%
Public Improvements & Facilities Projects	$100,000	$175,000	75.0%
Walnut Hills Neighborhood Improvements	$30,000	$10,000	-66.7%
Downtown Renovation	$100,000	$62,000	-38.0%
Demolition & Clearance Activities	$45,000	$15,000	-66.7%
Youth Programs, including child care	$69,000	$22,250	-67.8%
Elderly Services	$25,000	$13,750	-45.0%
Housing Counseling Services	$15,000	$8,000	-46.7%
Health Care Services	$13,000	$10,000	-23.1%
Homeless Shelters	$15,000	$8,000	-46.7%
Domestic Violence Services	$9,000	$8,000	-11.1%
Adult Literacy Education	$5,000	$3,000	-40.0%
Drug Abuse Prevention	$4,000	$0	-100.0%
Section 108 Loan Payments	$213,000	$210,000	-1.4%
Fair Housing Services	$33,000	$30,000	-9.1%
Planning & Program Administration	$163,000	$105,000	-35.6%
Massillon CDBG Program Totals	**$1,175,000**	**$960,000**	**-18.3%**

Program Year Funding Sources	*FY 2001*	*FY 2005*
CDBG Entitlement	$956,000	$840,838
Re-Allocated Funds from Prior Years	$195,000	$87,162
Estimated Program Income	$24,000	$32,000
Total FY Funding Sources	**$1,175,000**	**$960,000**

FY 2005 CDBG PROGRAM – SUMMARY OF PROPOSED ACTIVITIES

The City of Massillon proposes to allocate FY 2005 Community Development Block Grant (CDBG) Program funds for the following project activities which will be undertaken during the Program Year Period - July 1, 2005 through June 30, 2006:

Housing and Neighborhood Improvement Projects

Housing Rehabilitation Program $215,000

The City will utilize CDBG funding to operate its own housing rehabilitation program, offering deferred payment loans up to $25,000 to very low income homeowners for the repair and rehabilitation of their homes. The City will also provide emergency home repair assistance, providing up to $5,000 in deferred payment loans, to assist very low income homeowners with needed repairs to correct emergency housing problems, such as electrical, heating, plumbing, or roof repairs. This program is designed to assist low income homeowners in maintaining their dwellings while also upgrading older neighborhoods through improvements to the City's existing housing stock, almost 40% of which was constructed prior to 1939.

Target Area Street Improvements $100,000

The City will utilize CDBG funding for a street improvement program to reprofile and repave streets in designated low income residential neighborhoods. One of the City's main community development goals is to upgrade and improve its residential neighborhoods. For this reason, CDBG funds are being targeted to neighborhood improvement activities such as housing rehabilitation and homeownership assistance, code enforcement, demolition of buildings, public works and facilities, and assistance to neighborhood organizations.

Central Fire Station Paramedic Vehicle $75,000

The City will utilize CDBG funds for the purchase of a new paramedic vehicle to be housed at the Central Fire Station, 273 Erie Street South. This vehicle is needed to provide improved public safety and emergency assistance for the lower income neighborhoods of Massillon. This project will meet the City's community development objective of neighborhood improvement through the provision of needed public facilities and services.

Housing Code Enforcement Program $45,000

The City will utilize CDBG funds for housing code enforcement in low income neighborhoods. Code enforcement activities include initial housing inspections, reporting code violations to property owners, requiring repair of violations, and follow-up inspections to determine compliance with repair orders. CDBG funds will be used for code enforcement in older residential neighborhoods with a high predominance of rental units where such enforcement, together with public or private improvements, or other services to be provided, may be expected to arrest the decline of such areas.

Habitat for Humanity Housing Development $20,000

The City will provide funding from HOME Program Income to the Massillon Chapter of Habitat for Humanity to assist in the construction and/or rehabilitation of homeowner housing for low income households. This program is designed to help increase the supply of affordable housing as well as increase homeownership opportunities for lower income families.

Demolition Program $15,000

The City will utilize CDBG funding for the demolition and clearance of vacant and dilapidated structures that represent a health and safety hazard, as well as a blighting influence, within lower income neighborhoods. The removal of such structures will also provide sites for the construction of new infill housing needed to help stabilize and improve neighborhoods

Walnut Hills Residents Association $10,000

The City will provide CDBG funding to the Walnut Hills Residents Association for public improvement projects designed to stabilize and revitalize this low income neighborhood. The City will closely with this organization in the planning and implementation of projects designed to improve and upgrade the Walnut Hills neighborhood.

Central Business District Improvement Projects

Massillon Main Street Program $62,000

The City will provide CDBG funding to Massillon Main Street for its downtown rehabilitation program, offering grant assistance to downtown property owners for the exterior renovation of their buildings, including façade renovation and restoration, window and roof repairs, painting and awnings. This program is designed to help revitalize the downtown, maximizing the existing assets of the area while providing a positive and direct incentive for private investment.

Public Service Activities

City Youth Services Program $15,000

The City will utilize CDBG funding for summer youth recreation programs to be provided at Shriver Park and at L.C. Jones Park, facilities that are located in lower income residential neighborhoods on the City's southeast side. The City's Park and Recreation Department will operate this program, which provides social and recreational services, as well as employment opportunities for low income youth.

Westark Family Services/Elderly Homemaker Program $12,000

The City will provide CDBG funding to Westark Family Services for in-home elderly and handicapped homemaker services, including light housekeeping, laundry, marketing and errands, serving of meals, personal care and assistance. The program is designed to serve the City's elderly, frail elderly, and handicapped population, enabling them to remain living independently in the community, thus avoiding costly nursing home care.

Western Stark Medical Clinic $10,000

The City will provide CDBG funding to the Western Stark Medical Clinic to assist in providing free medical and dental care and prescription services to low income, uninsured persons. The Clinic is located at 820 Amherst Road NE. The program is designed to improve access to health care for low income uninsured persons, providing free medical services and treatment so that their health problems do not become critical or chronic.

Family Living Center Homeless Shelter $8,000

The City will provide CDBG funding to Community Services of Stark County to assist in the operation of the Family Living Center Homeless Shelter, located at 876 Amherst Road NE. The Family Living Center provides temporary shelter for up to three months to families and single women, including supportive services to enable residents to make the transition from homelessness to independent living. The objectives of the program are to provide shelter and other basic needs, strengthen individual and family life, and to provide a safe and caring environment, to help break the cycle of homelessness.

Domestic Violence Shelter $8,000

The City will provide CDBG funding to the Domestic Violence Project, Inc., to assist in the operation of a domestic violence shelter in Massillon, providing short term emergency housing and supportive services for women and children who are victims of domestic violence. Supportive services include case management and counseling, transportation, parenting training and child care. Without safe shelter and supportive services, victims of domestic violence often remain trapped in ongoing cycles of abuse.

Massillon Urban League Housing Counseling Program $8,000

The City will provide CDBG funding to the Massillon Urban League for housing counseling services, including mortgage default counseling, tenant/landlord counseling, emergency housing assistance, and rental referral services. The Massillon Urban League is a HUD certified housing counseling agency. The program is designed to provide low income households with needed housing supportive services.

Massillon Commission to Advance Literacy $3,000

The City will provide CDBG funding to the Massillon Commission to Advance Literacy to assist its adult literacy education program, which serves as a catalyst for adult and family literacy efforts while helping to support the Adult Basic & Literary Education (ABLE) Program). Services provided include public awareness and literacy training classes to improve basic reading and literacy skills. Literacy training help low income residents obtain the skills necessary for employment and economic self-sufficiency.

YWCA Child Development Center $3,000

The City will provide CDBG funding to the YWCA of Massillon to assist in the operation of its preschool/child care program. Funds are used to subsidize the cost of daycare services for low income households. Child care centers are located at 876 Amherst Road NE and 301 Lincoln Way East. The program is designed to help strengthen the family unit, providing help with childcare costs and a quality child care environment for low-income families and families in crisis.

Massillon Urban League Teen Pregnancy Prevention Program $2,500

The City will provide CDBG funding to the Massillon Urban League for an educational teen pregnancy prevention program targeted to middle school youth. The Postponing Sexual Involvement Program provides classroom interaction and is designed to counteract the pressures arising through peers, the media, and other influences. The goals of the program are to help young persons understand their rights in social relationships and to deal with pressure situations so that they can say "no" to sexual involvement.

Lighthouse Visions Basic Life Skills for Foster Children $1,750

The City will provide CDBG funding to Lighthouse Visions for basic life skills education and training for foster children ages 8-15. The goal of the program is to provide instruction in etiquette, personal care and hygiene, assisting foster children, many of whom have had little or no training in these areas, in achieving standards of social behavior. The program is designed to instill elements of pride and accomplishment within such children, build character, reduce feelings of isolation and strengthen self-esteem.

Faith in Action Elderly Caregiver Program $1,750

The City will provide CDBG funding to Faith in Action of Western Stark County for operation of an elderly caregiver program. The organization serves the ill, frail elderly, and disabled. The program is designed to help people maintain their independence through the provision of in-home services and assistance.

Section 108 Loan Payment

Canalview Center Section 108 Loan Payment	$210,000

The City will reserve CDBG funding for payment of principal and interest on its Section 108 Loan from HUD for the Canalview Center/Hampton Inn Development. Previously, the City borrowed $2,250,000 from HUD under the Section 108 Loan Guarantee Program and loaned these funds to the developer of the Hampton Inn. Security for repayment of the Section 108 Loan is based on repayments from the developer, and ultimately, guaranteed by the CDBG Program itself (rather than by the full faith and credit of the City). CDBG funds would be used, if needed, to make the Section 108 payment and funds must be reserved for this purpose. Any developer loan payments made during the year will reduce the amount of block grant funding needed for Section 108 Loan Payments. These surplus funds can then be reprogrammed for other CDBG-eligible activities.

Planning, Program Administration and Fair Housing

Planning, and Program Administration	$110,000

The City will utilize block grant funds for administrative activities, including the overall management, coordination, reporting and record-keeping requirements of the CDBG Program. CDBG funds will also be used for planning activities, including economic development planning.

Fair Housing Program	$25,000

The City will utilize block grant funds for the provision of fair housing services and activities to improve and promote housing opportunities in the community, including education, outreach, monitoring and evaluation, as well as activities designed to address identified impediments to fair housing.

TOTAL FY 2005 CDBG PROGRAM BUDGET	**$960,000**

FUNDING RESOURCES FOR FY 2005 CDBG PROGRAM	
FY 2005 CDBG Entitlement Grant	$840,838
Re-allocated Funds	87,162
CDBG Program Income	32,000
TOTAL CDBG FUNDING RESOURCES	**$960,000**

CITY OF MASSILLON

Program Year 2004

Consolidated Annual Performance and Evaluation Report

Executive Summary

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM ENTITLEMENT

PROGRAM YEAR PERIOD JULY 1, 2004 THROUGH JUNE 30, 2005

Community Development Department
Municipal Government Annex
151 Lincoln Way East
Massillon, Ohio 44646

CITY OF MASSILLON

Introduction

The City of Massillon is an entitlement community under the HUD Community Development Block Grant (CDBG) Program. Massillon has also joined with the City of Alliance and Stark County to form the Stark County HOME Consortium. As a member of the Consortium, the City has worked closely with these other local governments in the preparation of a Consolidated Plan for the Consortium. This plan provides a comprehensive overview of the area, identifying both housing and community development needs.

However, as an entitlement community, the City of Massillon is also responsible for preparing, submitting, and administering its CDBG funding which it receives directly from HUD. In accordance with Federal requirements, the City has prepared its own Non-Housing Community Development Plan and One Year Action Plan. The other required elements of the Consolidated Plan were prepared through the cooperative efforts of the Stark County HOME Consortium.

The Consolidated Annual Performance and Evaluation Report (hereinafter "CAPER") is intended to provide both citizens, as well as HUD, with a comprehensive and understandable report on the City's performance and accomplishments in undertaking activities under its Action Plan for Program Year 2004, for the period from July 1, 2004 through June 30, 2005.

Summary of HUD Grants and Program Income for FY 2004

IDIS- C04PR01

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT
INTEGRATED DISBURSEMENT AND INFORMATION SYSTEM
HUD GRANTS AND PROGRAM INCOME
MASSILLON, OH

DATE: 07-01-05
TIME: 09:16
PAGE: 1

PGM	FUND TYPE	GRANT NUMBER	AUTHORIZED AMOUNT	SUBALLOCATED AMOUNT	COMMITTED TO ACTIVITIES	NET DRAWN AMOUNT	AVAILABLE TO COMMIT	AVAILABLE TO DRAW
CDBG	EN	B-03-MC-390029	332,359.32	0.00	332,359.32	332,359.32	0.00	0.00
		B-04-MC-390029	889,000.00	0.00	762,651.00	504,100.98	126,349.00	384,899.02
			1,221,359.32	0.00	1,095,010.32	836,460.30	126,349.00	384,899.02
CDBG	PI	B-03-MC-390029	0.72	0.00	0.72	0.72	0.00	0.00
		B-04-MC-390029	119,004.72	0.00	112,362.13	112,362.13	6,642.59	6,642.59
			119,005.44	0.00	112,362.85	112,362.85	6,642.59	6,642.59
GRANTEE TOTALS			1,340,364.76	0.00	1,207,373.17	948,823.15	132,991.59	391,541.61

Summary of CDBG Activities and Expenditures

The housing and community development activities undertaken by the City of Massillon during Program Year 2004 can be summarized as follows:

Activity	CDBG Funds Committed	PY 2004 CDBG Expenditures	Project Balance
Massillon Housing Rehabilitation	$252,751.73	$250,056.17	$2,695.56
Target Area Street Improvements	$217,029.98	$37,619.14	$179,410.84
Section 108 Loan Payment	$183,254.35	$183,254.35	$0.00
Massillon Main Street	$125,272.20	$79,754.16	$45,518.04
CDBG Administration	$110,292.86	$110,069.72	$223.14
Planning Activities	$48,220.24	$48,220.24	$0.00
Housing Code Enforcement	$42,500.00	$41,740.22	$759.78
Demolition Program	$37,849.36	$36,787.30	$1,062.06
Fair Housing Program	$30,000.00	$29,981.47	$18.53
Massillon Summer Youth Program	$25,000.00	$22,356.50	$2,643.50
Habitat for Humanity Housing	$22,543.81	$12,887.06	$9,656.75
Elderly Homemaker Program	$18,193.25	$16,943.25	$1,250.00
Domestic Violence Shelter	$12,154.00	$9,654.00	$2,500.00
Western Stark Medical Clinic	$12,000.00	$12,000.00	$0.00
Housing Counseling Program	$10,000.00	$10,000.00	$0.00
Family Living Center Operating	$10,000.00	$10,000.00	$0.00
Walnut Hills Park Improvements	$9,950.94	$9,950.94	$0.00
Make-A-Way Center	$9,000.00	$0.00	$9,000.00
Tri-County Community Partnership Housing	$5,384.73	$5,384.73	$0.00
Neighborhood Partnership Program	$4,775.00	$4,478.50	$296.50
Youth Center Renovation	$4,625.50	$4,625.50	$0.00
YWCA Child Development Center	$4,000.00	$2,000.00	$2,000.00
Adult Literacy Education	$4,000.00	$4,000.00	$0.00
Teen Pregnancy Prevention Program	$3,000.00	$3,000.00	$0.00
Faith in Action Elderly Caregiver Program	$2,000.00	$2,000.00	$0.00
Lighthouse Visions Foster Care Program	$2,000.00	$2,000.00	$0.00
Walnut Hills Housing Program	$1,515.32	$0.00	$1,515.32
Drug Abuse Community Awareness	$59.90	$59.90	$0.00
Charm Neighborhood Improvements	$0.00	$0.00	$0.00
Uncommitted Funds	$132,991.59	$0.00	$132,991.59
PY 2004 CDBG Program Totals	$1,340,364.76	$948,823.15	$391,541.61

NEIGHBORHOOD IMPROVEMENT PROJECTS

Massillon Housing Assistance Programs – The City of Massillon utilized CDBG funds from HUD and HOME funding through the Stark County HOME Consortium to provide housing rehabilitation, emergency home repair, and homebuyer assistance to low income households.

Program Accomplishments:
5 Housing Rehabilitation Projects
46 Emergency Home Repair Projects
11 Homebuyer Assistance Projects

Target Area Street Improvements – The City of Massillon utilized CDBG funding for street improvements within designated lower income residential neighborhoods.

Program Accomplishments:
Prior year street improvements were completed along Woodland Avenue SE, Chester Avenue SE, Wellman Avenue SE, and portions of 16th Street SE. Plans were prepared and contract award for improvements along 3rd Street SE, 16th Street SE, Beckman Avenue SE, and 10th Street SW.

Housing Code Enforcement – The City of Massillon utilized CDBG funding for code enforcement of rental housing units.

Program Accomplishments:
383 Rental Units Inspected
94 Rental Units brought into compliance with housing code.

Demolition Program – The City of Massillon utilized CDBG funding for the demolition and clearance of vacant, dilapidated structures that are blighting influences with residential neighborhoods.

Program Accomplishments:
7 Buildings Demolished

Habitat for Humanity Housing Development - CDBG funding was provided to the Massillon Chapter of Habitat for Humanity to assist in the construction of new housing units for low income homebuyers.

Program Accomplishments
2 Dwelling Units under construction

Walnut Hills Neighborhood Park Improvements – The City of Massillon utilized CDBG funding to work with the Walnut Hills Residents Association neighborhood improvements .

Program Accomplishments:
Picnic tables and paving at L.C. Jones Park.

Make-A-Way Center Roof Repair – CDBG funding provided to Make-A-Way, Inc., for roof repairs to their social service facility at 3rd Street and Oak Avenue SE.

Program Accomplishments:
Project Underway.

Neighborhood Partnership Program – CDBG funding provided to the Community Health Foundation to provide grants to neighborhood organizations for improvement activities.

Program Accomplishments:
Walnut Hills Residents Association – Neighborhood Cleanup
Wellman Association – Streetscape Improvements

Tri-County Community Partnership Corporation – CDBG funding provided to this organization to assist in the construction of new housing units on Forest Avenue SE, adjacent to the Walnut Hills neighborhood.

Program Accomplishments
2 Owner-occupied dwellings completed.

CHARM Area Improvements – The City of Massillon is working with the Central Historic Area Residents of Massillon organization to develop a neighborhood improvement project utilizing previously allocated CDBG funding from prior program years.

Program Accomplishments:
Project continues in planning stage.

DOWNTOWN IMPROVEMENT PROJECTS

Massillon Main Street – CDBG funding to Massillon Main Street to provide grants for the exterior renovation of commercial buildings in the core area of downtown.

Program Accomplishments:
19 buildings provided renovation assistance.

PUBLIC SERVICE ACTIVITIES

Massillon Youth Recreation Program – The City of Massillon utilized CDBG funding for summer youth recreation programs at Shriver Park, L.C. Jones Park, Kiwanis Park, and Oak Knolls Park.

Program Accomplishments:
150 youth served.

Elderly Homemaker Program – CDBG funding provided to Westark Family Services for in-home services to elderly and handicapped residents.

Program Accomplishments:
56 households assisted

Domestic Violence Shelter – CDBG funding provided to the Domestic Violence Project Inc. to assist in operations of the Massillon domestic violence shelter.

Program Accomplishments:
119 persons assisted.

Western Stark Medical Clinic – CDBG funding to the clinic, which provides free medical services to low income, uninsured persons.

Program Accomplishments:
433 persons assisted.

Housing Counseling Program – CDBG funding to the Massillon Urban League which provided housing counseling, emergency housing assistance, and rental referral services.

Program Accomplishments:
205 persons assisted.

Family Living Center – CDBG funding provided to Community Services of Stark County to assist in operations at the Family Living Center homeless shelter.

Program Accomplishments:
181 homeless persons assisted

YWCA Child Development Center – CDBG provided to the Massillon YWCA to help subsidize the cost of day care services for low income, "at risk" families.

Program Accomplishments:
38 persons assisted

Adult Literacy Education – CDBG funding provided to the Massillon Commission to Advance Literacy to assist in the provision of adult literacy training services.

Program Accomplishments:
262 persons assisted

Teen Pregnancy Prevention Program – CDBG funding to the Massillon Urban League to help provide teen pregnancy prevention education to local youth

Program Accomplishments:
250 persons served.

Faith in Action Elderly Caregiver Program – CDBG funding to this faith-based organization providing caregiver assistance to elderly, frail elderly, and disabled persons.

Program Accomplishments:
125 persons assisted

Lighthouse Visions Life Skills for Foster Children – CDBG funding to Lighthouse Visions Inc. to provide basic life skills training for foster children ages 8-15.

Program Accomplishments:
15 youth served.

PROGRAM ADMINISTRATION AND OTHER ACTIVITIES

CDBG Program Administration - The City of Massillon utilized CDBG funding for the planning, administration, and overall management of the CDBG Program.

Fair Housing Program – The City of Massillon utilized CDBG funding for the provision of fair housing services.

Section 108 Loan Repayment – The City of Massillon utilized CDBG funding for the payment of principal and interest on its Section 108 Loan for the Canalview Center/Hampton Inn Project.

CDBG FINANCIAL SUMMARY FOR PROGRAM YEAR 2004
07-01-2004 TO 06-30-2005
MASSILLON, OH

PART I: SUMMARY OF CDBG RESOURCES

01	UNEXPENDED CDBG FUNDS AT END OF PREVIOUS PROGRAM YEAR	332,360.04
02	ENTITLEMENT GRANT	889,000.00
03	SURPLUS URBAN RENEWAL	0
04	SECTION 108 GUARANTEED LOAN FUNDS	0
05	CURRENT YEAR PROGRAM INCOME	119,004.72
06	RETURNS	0
07	ADJUSTMENT TO COMPUTE TOTAL AVAILABLE	0
08	TOTAL AVAILABLE (SUM, LINES 01-07)	1,340,364.76

PART II: SUMMARY OF CDBG EXPENDITURES

09	DISBURSEMENTS OTHER THAN SECTION 108 REPAYMENTS AND PLANNING/ADMINISTRATION	577,297.37
10	ADJUSTMENT TO COMPUTE TOTAL AMOUNT SUBJECT TO LOW/MOD BENEFIT	0
11	AMOUNT SUBJECT TO LOW/MOD BENEFIT (LINE 09 + LINE 10)	577,297.37
12	DISBURSED IN IDIS FOR PLANNING/ADMINISTRATION	188,271.43
13	DISBURSED IN IDIS FOR SECTION 108 REPAYMENTS	183,254.35
14	ADJUSTMENT TO COMPUTE TOTAL EXPENDITURES	0
15	TOTAL EXPENDITURES (SUM, LINES 11-14)	948,823.15
16	UNEXPENDED BALANCE (LINE 08 - LINE 15)	391,541.61

PART III: LOWMOD BENEFIT THIS REPORTING PERIOD

17	EXPENDED FOR LOW/MOD HOUSING IN SPECIAL AREAS	0
18	EXPENDED FOR LOW/MOD MULTI-UNIT HOUSING	0
19	DISBURSED FOR OTHER LOW/MOD ACTIVITIES	481,529.21
20	ADJUSTMENT TO COMPUTE TOTAL LOW/MOD CREDIT	0
21	TOTAL LOW/MOD CREDIT (SUM, LINES 17-20)	481,529.21
22	PERCENT LOW/MOD CREDIT (LINE 21/LINE 11)	83.41%

LOW/MOD NEFIT FOR MULTI-YEAR CERTIFICATIONS

23	PROGRAM YEARS(PY) COVERED IN CERTIFICATION	PY	PY	PY
24	CUMULATIVE NET EXPENDITURES SUBJECT TO LOW/MOD BENEFIT CALCULATION			0
25	CUMULATIVE EXPENDITURES BENEFITING LOW/MOD PERSONS			0
26	PERCENT BENEFIT TO LOW/MOD PERSONS (LINE 25/LINE 24)			0.00%

PART IV: PUBLIC SERVICE (PS) CAP CALCULATIONS

27	DISBURSED IN IDIS FOR PUBLIC SERVICES	94,013.65
28	PS UNLIQUIDATED OBLIGATIONS AT END OF CURRENT PROGRAM YEAR	5,750.00
29	PS UNLIQUIDATED OBLIGATIONS AT END OF PREVIOUS PROGRAM YEAR	5,751.57
30	ADJUSTMENT TO COMPUTE TOTAL PS OBLIGATIONS	0
31	TOTAL PS OBLIGATIONS (LINE 27 + LINE 28 - LINE 29 + LINE 30)	94,012.08
32	ENTITLEMENT GRANT	889,000.00
33	PRIOR YEAR PROGRAM INCOME	26,880.04
34	ADJUSTMENT TO COMPUTE TOTAL SUBJECT TO PS CAP	0
35	TOTAL SUBJECT TO PS CAP (SUM, LINES 32-34)	915,880.04
36	PERCENT FUNDS OBLIGATED FOR PS ACTIVITIES (LINE 31/LINE 35)	10.26%

PART V: PLANNING AND ADMINISTRATION (PA) CAP

37	DISBURSED IN IDIS FOR PLANNING/ADMINISTRATION	188,271.43
38	PA UNLIQUIDATED OBLIGATIONS AT END OF CURRENT PROGRAM YEAR	0
39	PA UNLIQUIDATED OBLIGATIONS AT END OF PREVIOUS PROGRAM YEAR	300
40	ADJUSTMENT TO COMPUTE TOTAL PA OBLIGATIONS	0
41	TOTAL PA OBLIGATIONS (LINE 37 + LINE 38 - LINE 39 +LINE 40)	187,971.43
42	ENTITLEMENT GRANT	889,000.00
43	CURRENT YEAR PROGRAM INCOME	119,004.72
44	ADJUSTMENT TO COMPUTE TOTAL SUBJECT TO PA CAP	0
45	TOTAL SUBJECT TO PA CAP (SUM, LINES 42-44)	1,008,004.72
46	PERCENT FUNDS OBLIGATED FOR PA ACTIVITIES (LINE 41/LINE 45)	18.65%

GENERAL NARRATIVE QUESTIONS

1. Assessment of One Year Goals and Objectives

The City of Massillon's housing and community development strategy includes an assessment of the City's housing and homeless needs, public facilities, infrastructure improvements, public services, accessibility, historic preservation, economic development, and planning needs.

Housing and Community Development Objectives and Priorities

The City's housing and community development strategy has been developed in order to coordinate resources and address the national goals of the CDBG Program, including:

- The provision of decent housing that is affordable to low and very low income households.
- The provision of a suitable living environment, improving the safety and livability of neighborhoods, increasing access to quality facilities and services, improving housing opportunities, and revitalizing deteriorated neighborhoods.
- The expansion of economic opportunities, creating jobs that promote long term economic and social viability and that are accessible to low and very low income persons.

Housing Priorities

- Upgrade the existing housing stock through code enforcement, rehabilitation and redevelopment to meet the needs of existing homeowners and renters.
- Increase the supply of available and affordable housing for very low income owner and renter households, including assistance for first time home buyers.
- Increase the supply of suitable owner and renter housing to meet the needs of the elderly and other groups with special housing needs.

Non-Housing Community Development Priorities

- Neighborhood upgrading and improvement - Target the use of Federal resources to those neighborhoods where the majority of residents are low and very low income and where housing conditions are substandard, yet suitable for rehabilitation. Besides housing activities, funds are allocated for public facilities and infrastructure improvements; social, health, education, and recreation services; and youth programs.

- Central Business District Development - Undertake preservation and revitalization activities designed to maximize the existing assets of the downtown area while providing a positive and direct incentive for private investment.

- Economic Development - Establish a program to promote the retention and expansion of existing industry and business jobs, with an emphasis on the creation of new permanent jobs through the coordination of public investment with private development.

Community Development Needs

The City of Massillon has identified its community development needs as follows:

- Housing rehabilitation and homeownership assistance programs to provide affordable housing and improve housing opportunities for low and very low income households.

- Public facility and public improvement projects to improve low income neighborhoods and the facilities serving low income residents of these areas.

- Economic development programs to create and retain jobs in the community, particularly to improve employment opportunities for low income persons.

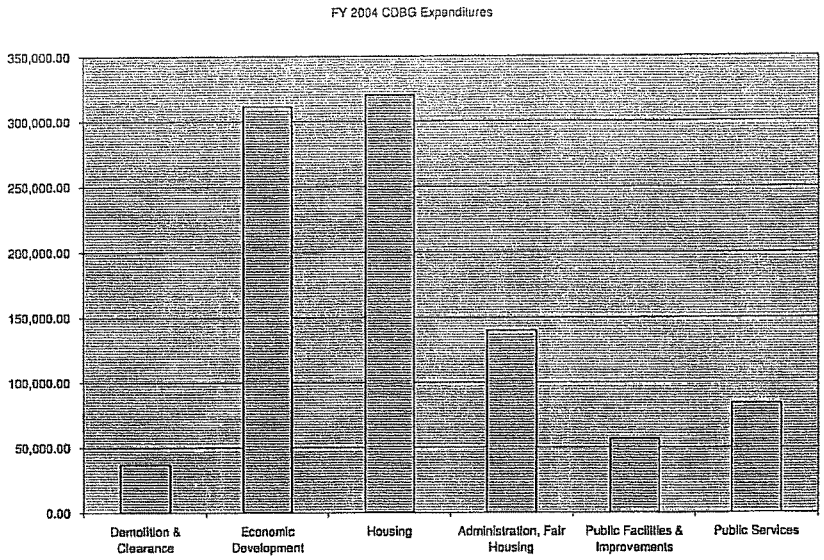
- Public service activities to meet the social, economic, health, and educational needs of low income persons, including the homeless and those threatened with homelessness.

Analysis of CDBG Program Expenditures by Program Goals and Expenditures

The following charts describes how the activities undertaken by the City of Massillon during Program Year 2004 addressed Strategic Plan goals and objectives.

Use of CDBG Funds by Community Development Objective

CD Goals and Objectives	City CDBG Expenditures
Priority Housing Needs	**$320,068.18**
Owner Housing Needs	$268,327.96
Renter Housing Needs	$41,740.22
Homeless Needs	$10,000.00
Public Facility & Improvement Needs	**$56,674.08**
Street Improvements	$37,619.14
Neighborhood Facilities	$9,104.00
Park and Recreation Facilities	$9,950.94
Public Service Needs	**$84,013.65**
Youth Services	$22,356.50
Senior Services	$18,943.25
Housing Counseling	$10,000.00
Health Services	$15,000.00
Domestic Violence Shelters	$9,654.00
Employment Training	$4,000.00
Child Care Services	$4,000.00
Substance Abuse Services	$59.90
Economic Development Needs	**$311,228.75**
Canalview Center Section 108 Loan	$183,254.35
Commercial/Industrial Rehabilitation	$79,754.16
Economic Development Planning	$48,220.24
Demolition and Clearance Activities	**$36,787.30**
Demolition of Vacant, Dilapidated Structures	$36,787.30
Program Administration	**$140,051.19**
CDBG Program Administration	$110,069.72
Fair Housing	$29,981.47
Total PY 2004 CDBG Program Expenditures	**$948,823.15**



As seen in the above chart, priority housing needs comprised 34% of the City of Massillon's CDBG expenditures for PY 2004. Funding to other general categories of programs – public facilities, public infrastructure, public services, and economic development comprised 51% of the City of Massillon's CDBG expenditures for PY 2004.

In addition, as described and documented in the Financial Summary Report, City CDBG expenditures in PY 2004 that benefited low and moderate income persons comprised 84% of applicable expenditures.

Summary of Program Accomplishments

Most of the City's FY 2004 Action Plan activities were directed to those areas of the City with high concentrations of low income and minority households. These neighborhoods primarily include the following census tract areas: 7137, 7138, 7141, 7142, 7143.01, 7143.02/BG 2, and 7144. Directing the majority of Federally funded activities to these areas insures that these activities benefit low and very low income households, as well as minority populations within the City. Other projects that have been identified as primarily City-wide in scope also serve the residents of these areas.

Under its FY 2004 Action Plan, the City of Massillon undertook a variety of activities designed to address under-served housing needs and address affordable housing issues. The City operates its own housing rehabilitation program, offering deferred

payment loans to very low income homeowners for the repair and rehabilitation of their homes. The City also operates an emergency home repair program to assist very low income homeowners with needed repairs to correct particular emergency housing problems, such as electrical, heating, plumbing, or roof repairs. The City also operated a housing code enforcement program, targeting rental units in low income neighborhoods.

The City also provided CDBG funds to a number of other housing organizations in an effort to provide a variety of housing assistance programs to the low income residents of the community. The City provides funding to Tri-County Community Partnership Corporation (formerly Neighborhood Housing Services of Massillon) a local non-profit organization of neighborhood residents, local lending institutions, and businesses that provides housing rehabilitation and homeownership assistance programs within a designated targeted neighborhood of the community. The City also assists the Massillon Chapter of Habitat for Humanity, which develops and constructs new affordable homeownership housing for low income households.

The City also utilized CDBG funding for public facilities and improvements within low income areas. For example, street repaving projects help to improve the public infrastructure in low income neighborhoods. In particular, the City worked with the Walnut Hills Residents Association to develop and carry out activities designed to improve this low income neighborhood. Projects that were undertaken in Walnut Hills during PY 2004 include improvements to neighborhood parks in the area. The City worked with the Massillon Community Health Foundation in the development of a neighborhood partnership program, providing training in the development of local neighborhood associations and then providing grant funds to these organizations for neighborhood improvement projects. Demolition and clearance of vacant and dilapidated buildings also help to remove blighting conditions and improve safety within low income areas.

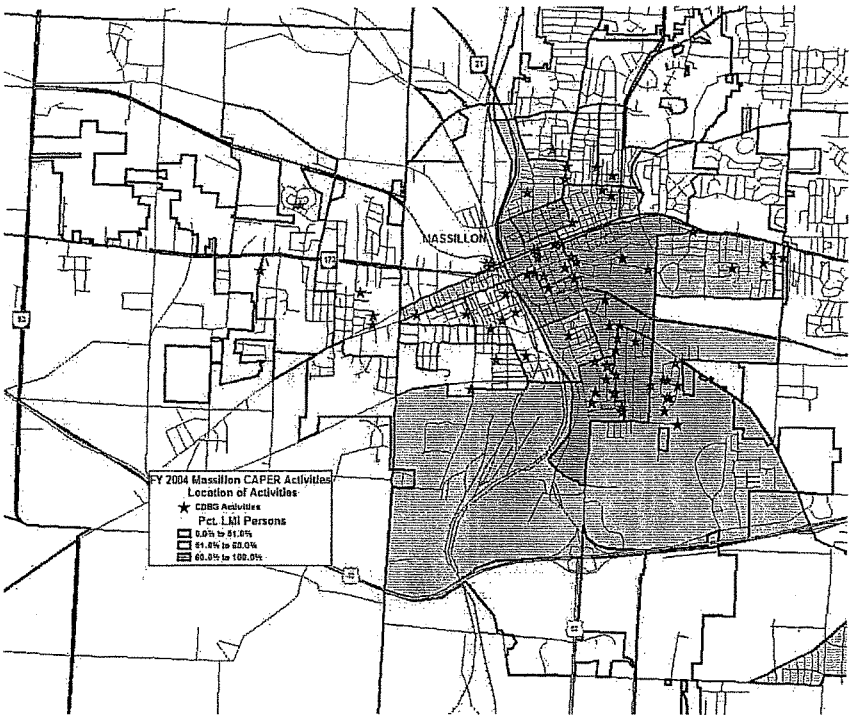
The City also provided CDBG funding to help renovate and improve other public facilities which serve low income residents. These facilities include Make-A-Way Center, which provides social and recreation programs and activities for persons with disabilities and the Joe Sparma Community Center.

The City also utilized CDBG funds for a variety of public service programs designed to meet the needs of low income persons in the community. Low income youth needs are served by the City Summer Youth Program and the Teen Pregnancy Prevention Program. Child Care Needs are served by the YWCA Child Development Centers and the Lighthouse Visions Foster Care Program. Elderly and handicapped needs are served by the Elderly Homemaker Program and the Faith in Action Elderly Caregiver Program. The West Stark Medical Clinic provides free medical care for low income persons. The Domestic Violence Project operates a women's shelter in Massillon. Adult Literacy Training Program provides needed educational services to assist low income persons with literacy problems. Homeless are served through the Family Living Center operated by Community Services of Stark County.

Geographic Distribution of CDBG Expenditures

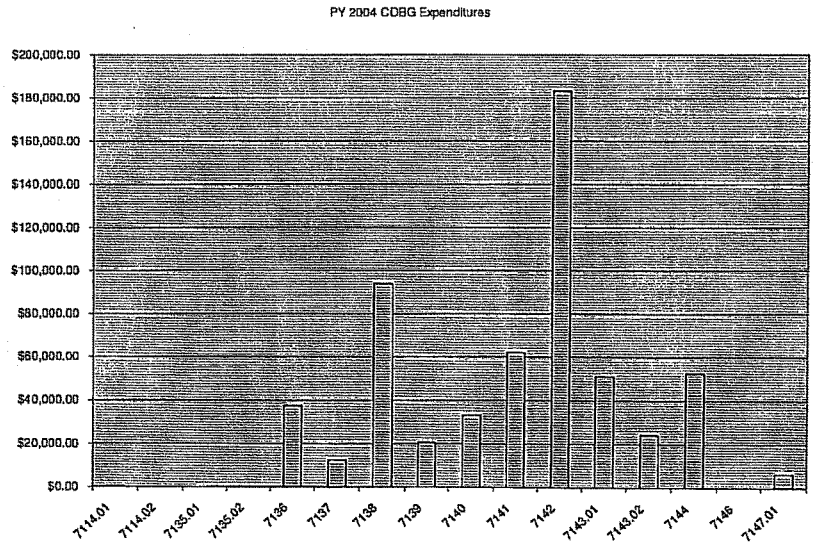
In regards to the geographic distribution, the following tables, charts, and maps provide a graphic description of the distribution of CDBG funding by Census Tract. Also attached is a copy of IDIS Report C04PR23 Program Year 2004 Summary of Accomplishments.

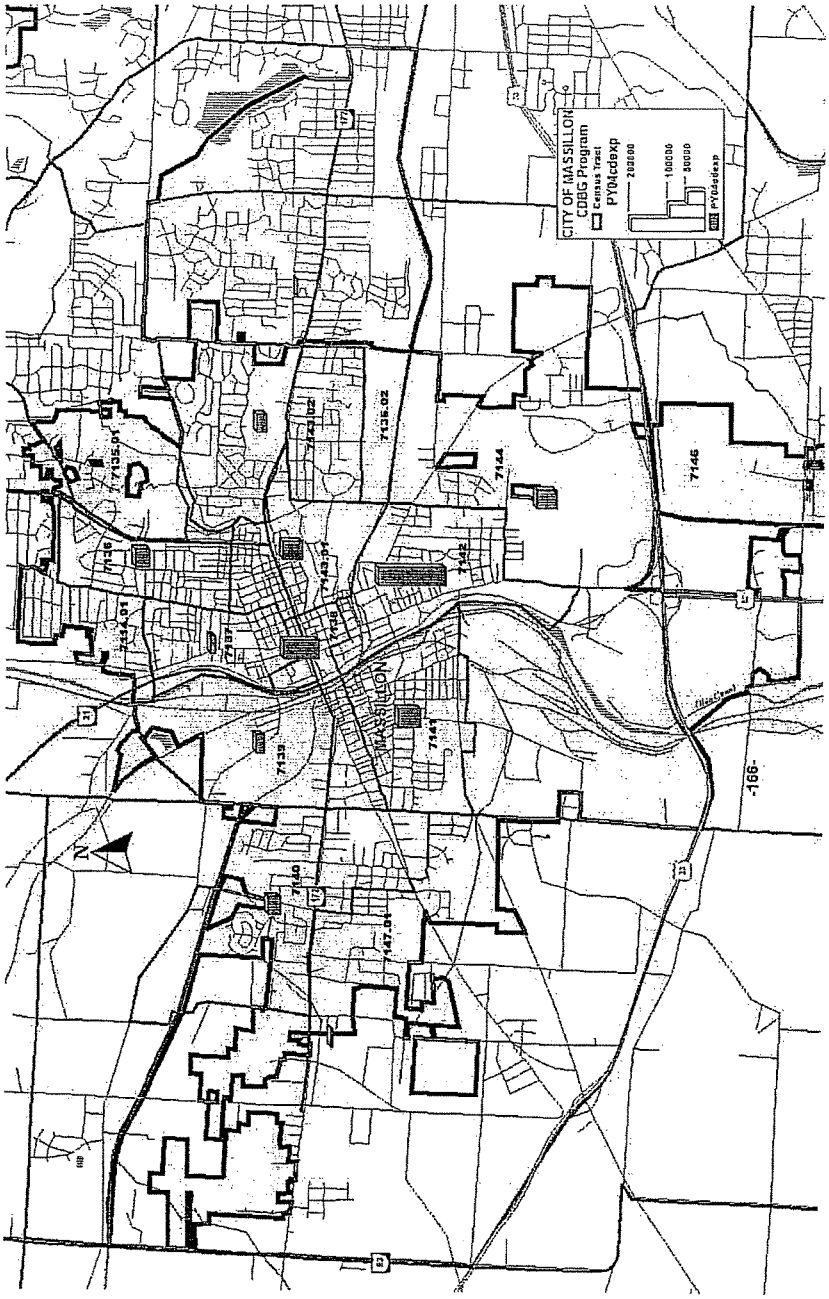
These charts and maps document the City of Massillon's contention that it has carried out its CDBG Program during PY 2004 so as to give maximum feasible priority to activities that benefit low and moderate income persons with a special emphasis on serving the priority housing needs of low and moderate income households.



City of Massillon, Ohio **First Program Year – FY 2004 CAPER**

Census Tract	PY 2004 CDBG Expenditures	Percent Low-Mod Income Persons
7114.01	$326.10	48.50%
7114.02	$0.00	0.00%
7135.01	$0.00	20.90%
7135.02	$108.70	32.20%
7136	$37,375.01	34.00%
7137	$12,501.16	54.00%
7138	$93,971.56	95.40%
7139	$20,573.79	51.40%
7140	$33,087.02	42.00%
7141	$62,074.86	46.80%
7142	$183,143.68	66.50%
7143.01	$51,056.48	60.50%
7143.02	$24,309.82	34.60%
7144	$52,471.79	59.20%
7146	$0.00	0.00%
7147.01	$6,297.40	29.70%
Other	$371,525.78	46.90%
Totals	$948,823.15	46.90%




CITY OF MASSILLON
CDBG Program
Census Tract
PY04cdbxp
200000
100000
50000
PY04dbxp
7134.01
7135.01
7136
7137
7138
7139
7140
7141
7142
7143
7144
7145
7146
7147.01
7148
7149
7150
-166-

Testimony of Philip H. Downing
Local Office Director – Columbus
Enterprise Community Partners, Inc.

For the Subcommittee on Housing and Community Opportunity
Committee on Financial Services
House of Representatives
March 24, 2006

Introduction

Thank you Chairman Ney and Subcommittee members for this opportunity to discuss the Community Development Block Grant and other key programs at the Department of Housing and Urban Development that facilitate the production of affordable housing and community improvements nationwide.

Enterprise is a leading provider of the development capital and expertise it takes to create decent, affordable homes and rebuild communities. For more than two decades, Enterprise has pioneered neighborhood solutions through public-private partnerships with financial institutions, local governments, community organizations and others that share our vision. Enterprise has raised and invested $7 billion in equity, grants and loans and is currently investing in communities at a rate of $1 billion a year. Enterprise's two Ohio offices, in Cleveland and Columbus, work statewide with a host of urban, suburban and rural community development partners.

Enterprise plays an important role in the housing and community development finance system. To our grassroots partners, we provide resources, expertise and access to additional capital. To our philanthropic and corporate partners, we offer insurance that funds are invested with maximum impact. To the federal Government we ensure taxpayer dollars are appropriately targeted, efficiently used and leveraged with private financing.

Continued Funding for the Community Development Block Grant Program

In fiscal year 2006, Congress recognized the value of the Community Development Block Grant (CDBG) program by nearly unanimously rejecting proposals in the budget to eliminate the program entirely and transfer authority to the Department of Commerce. This year, while the proposal would leave the program authority at HUD, the proposed budget significantly reduces funding for the program. For a second year running, the Administration has proposed to cut funding for CDBG and several other programs under the auspices of the Strengthening America's Communities Initiative.

The fiscal year 2007 budget proposes just $2.775 billion in formula funding for CDBG. This is a reduction of $936 million compared to the appropriated level for FY 2006. To make matters worse, the FY 2006 funding level represented a nearly 10 percent reduction in funding from the appropriated level in FY 2005. Since FY 2001, CDBG formula funding has declined by nearly 16 percent. We have grave concerns about these funding levels and the trend they represent. These reductions have real and harmful consequences for communities across the country.

The CDBG program represents the glue in the community development toolbox. Without the flexible dollars that CDBG brings to affordable housing and community facilities projects in both urban and rural areas, these developments often would not be able to come to fruition. The CDBG statute is very clear: the program's three national objectives are the elimination of slum and blight; addressing of urgent needs that pose an immediate threat to the health or welfare of a community; and addressing the needs of low- and moderate-income families. We have made great strides in the past 30 years toward these objectives, but we have by no means achieved them. CDBG is an essential tool in the rebuilding of communities; without it, much of the progress we have made is in jeopardy.

Even as the CDBG program was slashed in the budget request, both Congress and the Administration have recognized the useful flexibility and strong past performance of the program by channeling $11.5 billion in Gulf Coast rebuilding funds through it in supplemental appropriations bills. After the trio of hurricanes devastated the Gulf region, America's housing crisis was unveiled for the world to see – and for our own citizens to

recognize. The budget proposal looks the other way as families across our country, seeking stability, struggle to find fit, affordable housing.

This committee and many of your colleagues in the House and Senate deserve the thanks of the community development industry and the low- and moderate-income families we serve for preserving CDBG last year. We hope that you will again join us to ensure that this program can continue its long track record of success.

We urge Congress to fully fund the Community Development Block Grant program CDBG in the fiscal year 2007 budget at $4.5 billion.

Investing in Communities Through Other HUD Programs

In addition to cuts to the CDBG program, we are concerned about the proposed eliminations of the Brownfields program, the Section 108 loan guarantees and the Rural Housing and Economic Development program. Each of these programs meets a specific need that communities face when tackling their affordable housing and community development problems. We encourage Congress to reject proposals to eliminate these essential programs, as well as to reject proposals to cut funding for the Section 202 Elderly Housing program and the Section 811 Disabled Housing program.

Another key program slated for elimination in the FY 2007 budget request is the Section 4 Affordable Housing and Capacity Building program. The Section 4 program is another critical instrument for revitalizing communities. It equips community development corporations and other neighborhood-based nonprofit organizations with the tools and resources they need to address local needs.

The Section 4 program provides seed capital that community- and faith-based groups use to attract private investment for housing, economic development and other community revitalization activities. It helps local communities use programs like block grants much more effectively. In 2005, each federal Section 4 dollar generated $67 in community development activities.

HUD administers Section 4 primarily through Enterprise and the Local Initiatives Support Corporation, the nation's two largest nonprofit community development intermediaries. In 2005, Enterprise and LISC used $30 million in Section 4 investments to help grassroots groups generate $2 billion to produce more than 12,000 affordable homes and a wide range of other economic development activities.

To provide one example: in Fayette and Fairfield Counties, the Section 4 program supported training that enabled Community Action to expand its service area and self-help housing program from Fayette and Fairfield Counties into Ross County and to complete the second phase of Arbor Village in Washington Court House. Arbor Village is a community of 30 new affordable for-sale homes made possible in part by the buyer's "sweat equity." Additionally, Section 4 funding assisted Fairfield Affordable Housing in developing 50 apartments, as well as provide case management and supportive services, for low-income seniors.

Additionally, Section 4 has provided capital to our local funding intermediary, the Community Development Collaborative of Greater Columbus, leveraging significant resources from financial institutions and philanthropies. This effective private-public partnership has provided capacity-building funds and services to fifteen local community development organizations, catalyzing the construction of thousands of affordable homes and 120,000 sq. ft. of commercial/ retail space in Columbus.

Recent evaluations by the Government Accountability Office (GAO) and the Office of Management and Budget (OMB) cite the effectiveness of the Section 4 Program. GAO found a program that builds the capacity of numerous groups nationwide; attracts substantial private investment; and is well managed and in need of no additional controls. OMB concluded that: "The program mission and program design are clear and HUD oversight is sound. . . . The program has good performance measures, tracking, and evaluations. . . . The program effectively leverages private sources." The Committee should support level funding of $30 million for Section 4 in the fiscal year 2007 budget.

Conclusion

The bottom line is that community-based organizations across the country are building affordable homes, starting small businesses and developing commercial and community facilities. They are connecting people to jobs, providing childcare and other services and making streets safer. They are building that better world, quite literally, by providing the economic tools people need to pull themselves out of poverty. But they cannot do it alone they need your help.

We at Enterprise strongly believe that Congress should demand performance and accountability of federal programs. We are committed to working with Congress and the Administration to improve the performance these federal policies and programs. We encourage Congress to continue to support and fund innovative models, test new approaches and preserve successful programs.

We are pleased that the Subcommittee has brought this panel together today and hope that this dialogue will continue. We look forward to working with you to ensure the best possible outcomes not only for expenditures of public dollars, but for low- and moderate-income families struggling to find affordable housing in safe neighborhoods across the country.

Village of Byesville, Ohio
221 E. MAIN AVENUE • BYESVILLE, OHIO 43723
PHONE 740-685-6562 • FAX 740-685-8633
E-MAIL BYESVILLE_MAYOR@CAMBRIDGEOH.COM

DONALD J. GADD, MAYOR

March 24th, 2006

RE: Field Hearing on Rural Ohio
A review of the Community Development Block Grant

U.S. House of Representatives
Committee on Financial Services
Subcommittee on Housing and Community Opportunity

Honorable Robert W. Ney, Chairman
Rayburn House Office Building
Washington, D.C.

Mr. Chairman:

Thank you for the opportunity to address this hearing today. As I know your schedule is busy and we all have pressing issues, I will keep my comments as succinct as possible.

As with the proposed cuts in the Local Government Fund by the State a couple of years ago, no issue will probably impact local governments more than the CDBG cuts in the administration's current budget proposal.

At that time, local officials from all over Ohio convened at the Statehouse to impress upon our legislators the absolute importance of Local Government Funds and inform them that the lack of same would have a significant impact on our 'grassroots' government here in Ohio. Because, here in the heartland, at the local level, we work hard to get a dollar's worth of progress for a dollar's worth of grant money, and in many cases, with community support, we get much more than that dollar.

Additionally, I lobbied hard for the passage and approval by the Voters of this State of Issue I (formerly called Issue II) as it is at the core of Ohio's ability to rebuild the roads and bridges needed to compete with today's modal industry. Ohioans recognized its importance and passed this issue overwhelmingly.

As you know, I have been mayor of a small Village here in southeast Ohio for several years. During those years we have seen a significant renewal of jobs, opportunity and replacement of a blighted downtown due in part by the securing of CDBG grants.

Currently, we are working on tier grants for an additional $400,000, that, along with engineering and architectural design, will redevelop our downtown into a stop along the nation's tourism highway. A local initiative creating a 501C3 corp will provide a tourist train with historic renditions of our coal mining heritage and eventually end up at the Wilds (the largest game preserve of its type in North America). These grant moneys will be the catalyst to get the owner operators to 'buy-in' to our economic future. Job creation at the local level is *grassroots America* and this buy in is not possible in most cases without a grant incentive.

Over the next eighteen months , the Village will be involved in securing grants for a new wastewater treatment plant, working with the Ohio Department of Development and others to secure grants, including CDBG, for approximately twenty seven to thirty million dollars worth of industrial and commercial expansion in this town of three thousand. The job opportunities and expanded local economy alone will more than pay for the initial monies put forward for these projects.

As I have traveled much of rural Ohio, being in the energy business, let me assure that each and every small town, township, and county has something to point to that was initiated, supplemented, or completed because of Community Development Block Grants. From fire trucks, to infrastructure, to enhancement projects these competitive funds have been a source of creating a better America that would not have otherwise been possible. To take this away would end many of rural Ohioans dreams of making a better place to live and work.

On another note, being one, much like yourself, with deep roots in this area, I am involved in other activities that are sometimes outside the scope of my being mayor, and sometimes within my jurisdiction so I can assist or help. I am speaking of the local Habitat for Humanity, of which I have been the president of these last three years, and the Community Housing Improvement Program. Both of which have created dramatic improvements in the community and for the individuals benefiting there from.

I am well aware of the chairman's help in securing funding from the House for one of the new habitat homes in Byesville, as I was the one who got the land donated for it. The recipient of that home now sets on our local habitat board and is involved in getting others the home they could only dream about a few short years ago.

Since the house that the House built, the local chapter has solved most of its funding issues, as over the last several years we have received CDBG grants for fifty thousand dollars each year that goes to build not one, but two new homes each year. Each home bringing pride in ownership and the American dream to those that didn't even envision it for themselves or their families. One such case is a local man who I have asked to share his story.

This man *is* the American Dream and his story is the essence of all of what we do and what we believe as public servants and people responsible and caring about those around us. For you see, when he first applied to habitat, he lived in a very small, and old, two bedroom trailer home on relative's acreage. He was a divorced father of five, included one with physical handicaps, with some learning disabilities of his own. He had held down the same job for twenty plus years, but couldn't afford or believe his life would change.

On the initial visit to his home, we found the ringer washer on the back porch, the windows all caulked shut as best as possible, the vents missing in the floor because the trailer was too old to find replacements and the floor moved up and down as we walked through it.

However, on that initial visit, and subsequent visits, the home was always neat and clean down to the kid's mementos and play things pinned or shelved on the walls. As the place was too small to store their individual things, each child had space on the wall for his or her things.

Today, that man and his children live in a split level, six bedroom home that they put more than their required 'sweat equity' into. Their home cost was thirty nine thousand dollars. Twenty five thousand by CDBG grant, and the rest through local contributions and help.

They participate in our other projects, and he was extremely proud to tell me that he has found a new job that pays more and provides better for his family. His outlook on life is much brighter now, and he, like the others have hope for himself and his children's future.

Mr. Chairman, this would not have happened without CDBG grants. Nor would have homeownership happened for others without the CHIP program, nor would have local enhancement projects solely or partially funded by CDBG. As with the Local Government Funds, grassroots local government gets much more done with a buck than just spending it. We create jobs, households, social wellbeing, and improvements in the communities in which we live and take care of. I urge you and your fellow congressman to keep the CDBG intact, as it adds to our great country at its very roots and simply put from a small town mayor, "that's where America starts and that's what government is all about."

Thank you again for the pleasure of addressing this hearing.

Regards,
The Village of Byesville

Donald J. Gadd, Mayor

Attending with Mayor Gadd

Evelyn King, Coordinator
Community Housing Improvement Program

Kathy Werner, Secretary Treasurer
Guernsey County Habitat for Humanity

Testimony of

Hugh Grefe
Senior Program Director of Toledo LISC
Local Initiatives Support Corporation

Strengthening Ohio: A Review of the Community Development Block Grant Program

Before the

U.S. House of Representatives
Committee on Financial Services
Subcommittee on Housing and Community Opportunity

Congressman Bob Ney, Subcommittee Chairman

March 24, 2006

Testimony of Hugh Grefe
Local Initiatives Support Corporation

Introduction

My name is Hugh Grefe. I am the Senior Program Director for the Toledo office of the Local Initiatives Support Corporation. LISC is a national non-profit community development support organization working through our 34 local offices in over 100 cities and 80 rural communities across the United States. Each year we invest close to $900 million dollars in low-income neighborhoods and rural areas. Since 1980 LISC has raised over $6 billion in grants, loans and equity from supporters and invested it to generate over $14 billion in community development. These funds have created over 160,000 homes and 25 million square feet of business and service facilities employing 60,000 people. LISC works through local nonprofit Community Development Corporations and other non-profit, community based development organizations. Our financing includes investments, loans, guarantees, and grants. Organizational assistance includes advice, training, management analysis, and operational support.

In Toledo I have been responsible for leading LISC's work in community development for almost 12 years, and previously was a senior executive at a local hospital serving Toledo's oldest and poorest neighborhoods. In Ohio LISC has local offices in three cities, Toledo, Cleveland (serving northern Ohio) and Cincinnati. We also work through our Rural LISC program partners with two rural non-profit developers, the Adams/Brown Counties Economic Opportunities, Inc. and with WSOS Community Action Agency.

Community Development and CDBG

LISC's work with our non-profit development partners is structured around efficient and strategic use of public funds. One of the critical "building blocks" of community development is the Community Development Block Grant Program.

- In Toledo, Ohio a "weak market" city with a struggling economy and a continuing loss of population and loss of jobs, CDBG is a key resource. With few local private foundations, CDBG is the main source of operating and public investment funds for community development and human services organizations. Significant goals to build new neighborhoods around new schools and major, job-producing riverfront development must have CDBG investment to succeed. As an example, the Pontiac and Ontario Place development provides a wonderful study of broad-based neighborhood revitalization aided by the CDBG program. Forty new and rehabilitated rental homes for low-income families have been built within sight of the location of the new Chase Elementary School. The use of CDBG in Pontiac/Ontario attracted nearly $3.5 million in new, private investment to the neighborhood.

- In Cincinnati, Ohio CDBG supports the infrastructure of community development corporations which are the backbone of neighborhood based development in the City. Working with our partner Cincinnati Housing Partners 18 blighting properties in the Carthage neighborhood have either been rehabilitated or newly constructed homes have been built and sold to working families creating equity for first-time homebuyers and hope for a neighborhood. The CDBG program was key to this neighborhood turnaround through its flexible uses in acquisition and infrastructure improvements.

- In Cleveland, Ohio CDBG funds have been an extremely important tool in strengthening community economic development activities. Funds are used to repair homes, provide operating support to CDC's, provide shelter and care for the homeless, repair neighborhood storefronts, and supportive care for those living with AIDS. In Cleveland, along with a LISC grant, CDBG funds were used to support the Spanish American Committee, Ohio's oldest Hispanic non-profit organization, to develop the only HUD certified bi-lingual housing counseling program in the City of

Cleveland to increase homeownership in the fast growing Hispanic community. This relatively new program has been amazingly successful in helping to increase homeownership among Cleveland's growing Hispanic community.

- In Rural Ohio, through our partner organizations Adams/Brown Counties Economic Opportunities, Inc (Adams and Brown counties) and WSOS Community Action Agency (Ottawa, Sandusky, Seneca and Wood Counties) affordable rental and homeownership housing is being built for low and moderate income families; senor citizen housing is in the planning stages; businesses are being assisted using critical job-producing strategies through micro enterprise development and IDA initiatives, childcare centers are being built; homeless are being assisted and more...all with the assistance of CDBG funds.

Building Blocks of Community Development

Along with other specialized federal programs including the HOME program, the Section 8 Tenant Assistance program, and the Community Service Block Grant program, CDBG plays an extremely important role as one of the most flexible of all programs in the "tool box" created to support community revitalization and support. Among its strengths are the following:

- CDBG is the "venture capital of change" leveraging significant private capital into communities that have had difficulty attracting new investment.
- CDBG encourages local elected leaders to work with community-based and run organizations to set priorities for investments that produce results in difficult to develop areas.
- CDBG allows communities to take the "long view" and develop strategies to address the corrosive effects of decades of negative economic and social problems.

- Because it is flexible, CDBG can be carefully targeted in ways that enhance the effectiveness of more focused investments of HOME, Section 8 and other federal funds.
- Overall, CDBG allows local communities to develop and carry out neighborhood and community transformation plans that make the project or "transactional" work supported by HOME, Section 8 and other funds have more long term impact.

Community Development Block Grant Reform

CDBG is a thirty year old program and it works. From LISC's national perspective we have seen the benefit of the flexibility of the program in cities as diverse as Los Angeles, California and Duluth, Minnesota. In Rural America we have seen the usefulness of small cities grants funded by CDBG which help to jump-start the revitalization of a faltering Main Street or the acquisition of land in order to start a Self-Help homeownership program in a community that had not seen new construction in decades.

If reform is to happen to the CDBG program we urge Congress to include community-based stakeholders, both urban and rural, in this decision-making process. We understand that times are tough in Washington. Tough decisions must be made over competing priorities. CDBG works, it helps communities work. Deep cuts will strike at the very heart of communities reinventing themselves. Discussions concerning changes to the CDBG program or how the allocation formula is determined must not be kept within the Beltway but must be brought here, where we are, to be discussed.

I appreciate the opportunity to testify before this committee and am more than happy to answer any questions you may have.

Testimony before the Subcommittee on Housing and Community Opportunity
"Strengthening Rural Ohio: A Review of the Community Development Block Grant Program"
Friday March 24, 2006
Cambridge, Ohio
Submitted by: Oren J. Henry, Community Development Administrator
City of Cincinnati, Ohio

Thank you Chairman Ney and the Members of the Subcommittee for allowing me to testify today on the importance of the HUD Community Development Block Grant Program (CDBG) to our communities, and the need for continued stable funding for the program.

I am the Community Development Administrator for the City of Cincinnati and have held that position for approximately five years. In that time I have seen Cincinnati's annual CDBG allocation decrease 21% from $17,343,000 in 2002 to less than $13,742,000 in 2006. The substantial annual cuts in funding are increasingly making it difficult to administer effective programs to add new and sustain existing jobs, provide decent affordable housing in safe neighborhoods, and to offer needed public services for our citizens. In order to maintain effective programs please fund the CDBG formula program at a minimum of $4.3 billion for 2007 and beyond.

We are very concerned about the President's proposed cuts in the FY 2007 budget proposal that would reduce overall CDBG program funding by 27% and would provide for dramatic changes in the funding formula. I understand HUD will be pursuing a new formula that would cut the CDBG allocation for Cincinnati by an additional 25%. If all these so called "reforms" are enacted as proposed, the City could see its CDBG allocation shrink from $17,343,000 in 2002 to only $7,523,000, or 43% of what was received just five years ago. Add in the effects of inflation and Cincinnati will be operating with only about a third of the resources the City recently received.

Like all cities, Cincinnati has a unique history. In 1880 Cincinnati was the sixth largest city in the country and had a solid industrial base. As the City matures, it finds itself landlocked and with one of the lowest homeownership rates in the nation at just 39%. As manufacturing is still a large part of the economy, many of the old factories and sites need serious brownfield remediation to be marketed and reused for new industry and jobs. Obsolete, old neighborhoods need new approaches and well designed infill redevelopment to meet the needs of existing citizens, to halt the exodus to sprawling suburbs, and to offer exciting and innovative alternatives to attract new residents into a mixed income and diverse environment.

While pursuing a number of redevelopment initiatives, our leadership currently is taking bold action to address the ongoing problem of vacated buildings. There are documented complaints on over 1,700 vacated buildings that contribute to blight, harbor illegal activities, and provide an incentive for disinvestment. The City is dramatically increasing fees and fines on negligent property owners. Our goal is to cut the number of vacated

structures and to motivate owners to immediately address safety issues and to rehabilitate and reuse their vacated building. The owner may also sell their building or donate it to the City and neighborhood-based redevelopment groups. CDBG funding is a key to this effort by enabling us to have ample resources to pursue all of these buildings in a reasonable time frame. When the transition of these blighted, vacated structures begins, CDBG will continue to be a strong element. CDBG funding will be utilized to demolish, clean up, and rebuild some sites or will leverage funding in the renovation of other structures. Our strong actions in dealing with vacated buildings will be a tremendous start to the revitalization of some of our most challenged areas.

But the proposed funding cuts and formula reallocations threaten new initiatives as well as our existing community redevelopment efforts. The 21% cut in funding we have experienced over the past 5 years has meant cuts in neighborhood programs and public services in all areas. Of significance, CDBG regulations generally limit expenditures of CDBG funding for public service activities to 15% of the grant including program income. As the CDBG program has been cut 21%, a corresponding cut has been made in public service activities, such as youth development programs or drug elimination activities. At the same time, CDBG funded programs are under increased scrutiny, and more reporting information is requested, increasing staff time. We have no issue with being held accountable for the expenditure of public funding, but we cannot continue to offer high quality programs that truly address the needs of our neighborhoods with significant annual cuts.

In order to maintain effective programs please fund the CDBG formula program at a minimum of $4.3 billion for 2007 and beyond. We understand the periodic need to examine formulas to ensure they are fair, but for a city with a declining population base, large numbers of vacated buildings of which many are historically significant, numerous brownfield industrial sites, and extremely low homeownership rates, it does not seem plausible a cut of 25% is a reasonable adjustment. Ideally, formula funding could be increased to maintain funding to existing cities while boosting those that seem to have unmet needs. In today's budget environment that may seem unrealistic but to not reinvest in our neighborhoods and communities seems totally unrealistic.

Thank you for your consideration.

TESTIMONY OF THOMAS J. LAUGHMAN, GUERNSEY COUNTY COMMISSIONER PRESIDENT, BEFORE CONGRESSMAN BOB NEY AND THE SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY ON FRIDAY, MARCH 24, 2006

CONGRESSMAN NEY AND MEMBERS OF THE SUBCOMMITEE,

COMMUNITY DEVELOPMENT BLOCK GRANTS ARE, AND HAVE BEEN VERY CRUCIAL FOR GUERNSEY COUNTY AND THE 19 TOWNSHIPS AND 10 VILLAGES OF WHICH WE ARE COMPRISED.

SINCE THE YEAR 2000, BLOCK GRANTS HAVE PROVIDED $354,000 IN STREET PAVING PROJECTS FOR LOCAL GOVERNMENTS WITHIN GUERNSEY COUNTY.

SINCE THE YEAR 2000, BLOCK GRANTS HAVE PROVIDED OVER $132,000 IN MUCH NEEDED FIRE PROTECTION FOR THE VOLUNTEER FIRE DEPARTMENTS LOCATED WITHIN OUR COUNTY.

SINCE THE YEAR 2000, BLOCK GRANTS HAVE PROVIDED $42,000 FOR RECREATIONAL FACILITIES IN THE VARIOUS PARKS WITHIN OUR COUNTY.

I HAVE ATTACHED THIS BREAKDOWN AS PART OF THIS TESTIMONY.

SINCE 1999, BLOCK GRANT FUNDS HAVE PROVIDED OVER $375,000 IN EMERGENCY HOME REPAIRS IN GUERNSEY COUNTY, EXCLUDING THE CITY OF CAMBRIDGE, WHICH WOULD NOT HAVE BEEN POSSIBLE WITHOUT THESE VERY VITAL DOLLARS.

UNDER THE CUTS PROPOSED FOR COMMUNITY DEVELOPMENT BLOCK GRANTS, IN THE YEAR 2007, GUERNSEY COUNTY WOULD RECEIVE $110,000. WERE THAT TO HAPPEN, USING THE FIGURES FROM THE 2005 PROJECTS, THE VILLAGE OF QUAKER CITY WOULD NOT RECEIVE THE NEEDED FUNDS FOR A NEW FIRE ENGINE USED IN THE PROTECTION OF LIFE AND PROPERTY. AGAIN, USING THESE SAME FIGURES, THE VILLAGES OF OLD WASHINGTON AND VALLEY TOWNSHIP WOULD NOT SEE MUCH NEEDED STREET PAVING FOR THE BENEFIT OF THE RESIDENTS RESIDING THERE AS WELL AS FOR THE TRAVELING PUBLIC.

ALL LOCAL GOVERNMENT FUNDS ARE DWINDLING. EXPENSES ARE ON A CONSTANT RISE WHILE REVENUES ARE AT A STANDSTILL IF NOT DECREASING.

SEVERAL YEARS AGO REVENUE SHARING WAS THE ANSWER FOR LOCAL GOVERNMENTS. THAT WAS ELIMINATED AND REPLACED WITH COMMUNITY DEVELOPMENT BLOCK GRANTS. NOW IS NOT THE TIME TO REMOVE OR REPLACE THIS MOST IMPORTANT PROGRAM.

THIS IS RATHER THE TIME, UNDER OUR CURRENT BUDGETARY CLIMATE, TO NOT ONLY INCREASE BLOCK GRANT FUNDING, BUT ALSO TO CHANGE THE RULES IN ORDER THAT TOWNSHIPS MAY USE THESE FUNDS FOR MUCH NEEDED CHIP AND SEAL PROGRAMS FOR TOWNSHIP ROADS. THIS ACTION WOULD NOT ONLY CONTINUE TO IMPROVE OUR PROUD QUALITY OF LIFE HERE IN GUERNSEY COUNTY, BUT AT THE SAME TIME PROVIDE FOR A BASE FOR FUTURE PAVING PROJECTS WITHIN OUR TOWNSHIPS.

WE ASK THAT THIS PROGRAM NOT BE ALTERED TO A LESSOR DEGREE, BUT, RATHER TO A MUCH HIGHER AND MUCH BETTER STANDARD.

CDBG ACTIVITIES SINCE 2000

Grant BF000281 (2000) $161,000.00

Village of Pleasant City	$16,000	Play Pod
Madison Twp	$70,000	Fire Truck
Adams Twp	$50,500	4,065 LF paving of Beach Circle Dr.

Grant BF010281 (2001) $170,000.00

Village of Fairview	$15,900	7 pieces of Playground equipment
Lore City	$70,000	Tanker/Pumper Truck
Village of Quaker City	$57,600	2000 LF of Storm Sewer 30 Catch Basins

Grant BF020281 (2002) $174,000.00

Village of Quaker City	$31,000	2000 LF of repaving of Fair St
Jackson Twp	$20,000	6,864 LF 0f repaving 6,864 LF of Lost Rd
Richland Twp Secrest Lane	$63,000	7,692 LF of repaving of Grand Ave, Heron Lane
Village of Byesville	$37,000	2,550 LF of Curbing and Sidewalks

Grant BF030281 (2003) $171,000

Village of Old Washington	$10,000	687 LF of Various Streets
Village of Pleasant City water service	$138,000	to provide funding for sanitary sewer and

Grant BF040281 (2004) $171,000

Village of Senecaville	$2,000	Playground Equipment
Village of Cumberland	$30,800	1 EMS vehicle
Adam Twp	$26,000	Pave 2800 LF of Savage rd
Village of Old Washington	$19,900	excavate 1,750 LF of embankment of Laughman Rd
Village of Quaker City	$28,000	Pave 2600 LF of Eldon Rd
Village of Byesville	$37,600	650 LF of Culvert and catch basins on Main St

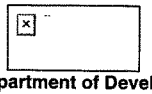
Grant BF050281 (2005) $161,000

Village of Senecaville	$6200	Equipment for Senecaville Park
Village of Quaker City	$62,800	Fire Truck for Vol Fire Dept
Village of Old Washington	$30,000	2820 LF of paving 4 Streets
Valley Twp	$38,000	3,220 LF of paving November lane and Slovak Rd

Recipient	Total Award	Date Funded
Community Housing Improvement Program (CHIP) Grant	**CDBG**	**HOME/OHTF**
CAMBRIDGE (5 DPA; 23 Rehabs; 3 Rental Rehab; 7 emergency home repairs)	$600,000.00	8/1/1999
GUERNSEY CNTY (6 DPA; 10 emergency home repairs)	$205,000.00	8/1/2000
(8 Rehabs, 4 Rental Rehabs)	$295,000.00	8/1/2000
CAMBRIDGE (24 emergency home repairs)	$192,000.00	8/1/2001
(5 new homes)	$308,000.00	8/1/2001
GUERNSEY CNTY (15 emergency home repairs)	$170,000.00	9/1/2002
(5 new homes)	$289,000.00	9/1/2002
CAMBRIDGE (14 emergency home repairs)	$170,000.00	9/1/2003
(2 habitat houses and 8 new homes)	$385,000.00	9/1/2003
GUERNSEY CNTY (15 emergency home repairs, 2 habitat houses & 8 new houses)	$450,000.00	9/1/2004
Program Totals	**$1,337,000.00**	**$1,727,000.00**
Discretionary Grant Program		
CAMBRIDGE	$150,000.00	3/1/2004
Program Totals	**$150,000.00**	
Formula Allocation Program		
CAMBRIDGE	$ 80,000.00	9/1/2000
GUERNSEY CNTY	$160,000.00	9/1/2000
CAMBRIDGE	$ 85,000.00	9/1/2001
GUERNSEY CNTY	$170,000.00	9/1/2001
CAMBRIDGE	$ 87,000.00	9/1/2002
GUERNSEY CNTY	$174,000.00	9/1/2002
CAMBRIDGE	$ 84,000.00	9/1/2003
GUERNSEY CNTY	$171,000.00	9/1/2003
GUERNSEY CNTY	$171,000.00	9/1/2004
CAMBRIDGE	$ 83,000.00	9/1/2004
GUERNSEY COUNTY	$161,000.00	9/1/2005
CAMBRIDGE	$ 79,000.00	9/1/2005
Program Totals	**$1,505,000.00**	
Water and Sanitary Sewer Program		
PLEASANT CITY VLG	$600,000.00	3/1/2003
CAMBRIDGE	$450,500.00	9/1/2005
Program Totals	**$1,050,500.00**	

Comprehensive Downtown Revitalization	**CDBG**	**HOME/OHTF**

CAMBRIDGE	$400,000.00		1/1/2001
Program Totals	**$400,000.00**		
Appalachian Regional Commission Program			
CAMBRIDGE	$250,000.00		8/1/2000
VILLAGE OF LORE CITY (GUERNSEY CNTY)	$130,000.00		8/1/2000
VILLAGE OF BYESVILLE (GUERNSEY CNTY)	$ 98,000.00		9/1/2000
CAMBRIDGE-GUERNSEY CIC	$110,000.00		2/5/2001
CAMBRIDGE	$ 45,000.00		5/15/2001
GUERNSEY COUNTY	$100,000.00		9/17/2002
CAMBRIDGE-GUERNSEY CIC	$100,000.00		5/6/2004
GUERNSEY COUNTY	$ 51,900.00		2/15/2005
Program Totals	**$884,900.00**		
COUNTY TOTALS	$2,571,900.00	$1,034,000.00	
CITY TOTALS	$2,755,500.00	$ 693,000.00	
GRAND TOTAL	**$5,327,400.00**	**$1,727,000.00**	



Ohio Department of Development
Bob Taft, Governor
Bruce Johnson, Lt. Governor
Amy K. Kuhn, Deputy Director
Community Development Division

	MOLL 2004	-5% 2005	-10% 2006	-25%prj'd 2007
EATON	39,000	37,000	33,000	0
FINDLAY	195,000	184,000	166,000	125,000
FOSTORIA	86,000	81,000	73,000	55,000
FRANKLIN	71,000	67,000	61,000	46,000
FREMONT	102,000	96,000	87,000	65,000
GALION	66,000	62,000	56,000	42,000
GENEVA	40,000	37,000	34,000	0
GIRARD	60,000	57,000	51,000	39,000
GREENFIELD	28,000	0	0	0
GREENVILLE	73,000	69,000	62,000	47,000
HEATH	47,000	45,000	40,000	30,000
HILLSBORO	39,000	37,000	33,000	0
HUBBARD	40,000	38,000	34,000	0
HURON	27,000	0	0	0
IRONTON	63,000	59,000	53,000	40,000
JACKSON	39,000	37,000	33,000	0
KENTON	49,000	46,000	42,000	31,000
LEBANON	70,000	67,000	60,000	45,000
LOGAN	39,000	37,000	33,000	0
LONDON	58,000	54,000	49,000	37,000
MARION	188,000	178,000	160,000	121,000
MARTINS FERRY	44,000	42,000	37,000	0
MARYSVILLE	71,000	67,000	60,000	45,000
MASON	62,000	0	0	0
MAUMEE	56,000	53,000	48,000	36,000
MEDINA	97,000	92,000	82,000	62,000
MILFORD	37,000	35,000	32,000	0
MOUNT VERNON	85,000	80,000	72,000	54,000
NAPOLEON	47,000	45,000	40,000	30,000
NELSONVILLE	38,000	36,000	33,000	0
NEW CARLISLE	31,000	0	0	0
NEW LEXINGTON	31,000	0	0	0
NEW PHILADELPHIA	86,000	81,000	73,000	55,000
NEWTON FALLS	27,000	0	0	0
NILES	99,000	94,000	84,000	64,000
NORTH RIDGEVILLE	70,000	66,000	59,000	45,000
NORTHWOOD	21,000	0	0	0
NORWALK	82,000	77,000	70,000	52,000
OBERLIN	31,000	0	0	0
ONTARIO	19,000	0	0	0
OREGON	79,000	75,000	67,000	51,000
ORRVILLE	43,000	41,000	37,000	0
PATASKALA	44,000	42,000	38,000	0
PERRYSBURG	40,000	0	0	0
PICKERINGTON	30,000	0	0	0
PIQUA	125,000	118,000	106,000	80,000
PORT CLINTON	36,000	34,000	30,000	0
PORTSMOUTH	146,000	138,000	124,000	93,000
POWELL	5,000	0	0	0
RAVENNA	70,000	67,000	60,000	45,000
RITTMAN	36,000	34,000	31,000	0
ROSSFORD	25,000	0	0	0
ST. CLAIRSVILLE	18,000	0	0	0
ST. MARYS	40,000	38,000	34,000	0
SALEM	68,000	64,000	58,000	44,000
SHEFFIELD LAKE	37,000	35,000	31,000	0
SHELBY	47,000	45,000	40,000	30,000

TUSCARAWAS COUNTY COMMISSIONERS
125 East High Avenue, Room 205
New Philadelphia, Ohio 44663
(330) 365-3240

Chris Abbuhl
Kerry Metzger
Jim Seldenright

Jane Clay
Clerk

Crystal DiGenova
Administrative Assistant

March 22, 2006

The Honorable Robert W. Ney, Chairman
Subcommittee on Housing and Community Opportunity
U.S. House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

Re: Testimony to be presented at the "Strengthening Rural Ohio: A Review of the Community Development Block Grant Program" Hearing, Guernsey County Commission Conference Room, 627 Wheeling Avenue, Cambridge, Ohio; hearing date Friday, March 24, 2006

Dear Congressman Ney:

While we realize that the Congress and the President have a shared responsibility as stewards of the nation's financial resources, it is difficult to imagine any other federal program that touches as many lives as the Community Development Block Grant Program. It must be understood that there is no local revenue source to replace the proposed 27% cut in the CDBG appropriation. The FY 2007 budget plan that would "require tightening of low-income targeting to communities with little funding resources" would necessarily channel those reduced CDBG funds to the lowest of the low income communities, even though those projects may not dramatically affect as many people. It is not difficult to imagine a scenario where funds best used to develop infrastructure to support housing and/or an economic development project in one community would need to be diverted to a community with less development

potential just to meet a CDBG program guideline. We feel that our county and other CDBG recipients across the nation are best qualified to determine the proper use of these funds under current guidelines and would like to share with you our experience with the CDBG Program.

The CDBG Program has been an integral part of all phases of community development within Tuscarawas County for close to three decades. The program is unique in that it allows and, in fact, requires county government to assist in the planning and development of projects that have been identified by local political subdivision officials as important to the growth, stability and well being of their communities. The opportunity for communities to share in the benefits of the program is guaranteed by a mandatory and closely monitored citizens' participation plan and a series of public hearings. It is perhaps the best example of direct citizen involvement in the expenditure of tax dollars.

The program can be used for many things. In our county the most pressing need is for improvements to existing or the construction of new infrastructure. This could be something as basic as street and sidewalk improvements or could involve more important health issues such as safe drinking water or the proper treatment and disposal of sanitary sewage. The CDBG program makes these improvements possible by leveraging very limited local funds with federal dollars. We can also achieve maximum effect from both federal and local dollars by combining similar projects (such as paving) into one large project thereby insuring more cost effective bids on these projects. The end result of these efforts goes beyond the mere infrastructure improvements—they bring about a sense of community pride and, with reliable infrastructure in place, often lead to more housing and economic development opportunities.

Perhaps the key to the success of the program is in the word "community." Over the years we have completed a number of projects that have become the focal point of a community. One of the best examples in our county started with the drilling of a water well for one of

our rural townships. In times of drought that well became the only public source of potable water available to the residents of the township. A few years later, right next to that well, we built a senior center/community center and it quickly became a source of pride for the people of the community and a place where residents of all ages come together. Today, in addition to its original purposes, that center is used for food distribution, medical screenings, educational instruction, voting, and it is a distribution center for the Tuscarawas County Public Library bookmobile. The facility is now supported by a special tax levy. The "seed" that was planted here by the Community Development Block Grant Program has germinated and the fruit that has developed helps feed a community.

This is only one of many success stories in our CBDG experience. Unfortunately, we believe such dramatic results will become an exception, rather than the norm, under the proposed budget cuts and tightened guidelines.

Sincerely,

Kerry Metzger

Kerry Metzger, President
Tuscarawas County Commissioners

Testimony for hearing on March 24, 2006 of the Subcommittee on Housing and Community Opportunity.

Submitted by Dorothy Montgomery, Muskingum County Commissioner.

Thank you for the opportunity to testify before you today. It is a pleasure to speak to you about the use of CDBG funds in Muskingum County. My fellow County Commissioners and I are concerned about the proposed cuts to the program and I would like to share some of those concerns with you today.

In Muskingum County, we have been fortunate to complete many worthwhile projects with CDBG funds. Just since 2000, we have installed water lines, completed storm sewer improvements and sanitary sewer improvements, paved roads, installed and repaired sidewalks, renovated parks and repaired and installed culverts.

With the approximately $200,000 that Muskingum County receives each year, we are able to reach out to various townships and villages in the county to address some of their most urgent needs. These areas, which are struggling economically, would not be able to complete the majority of these very necessary projects without the assistance of CDBG funds. This year, we are planning to complete six projects in six different parts of the county. These infrastructure improvements will have an affect on hundreds of Muskingum County residents.

Infrastructure is not the only area where CDBG funding has an impact. CDBG programs also stimulate the domestic economy by creating jobs and expanding home ownership, which empowers struggling neighborhoods. This is important since there is a direct correlation between the condition of housing and the performance of our youth in school which has a long lasting impact upon society as a whole.

The reduction in the amount of allocated funds granted to Muskingum County will certainly affect the nature, scope and number of projects that we will be able to undertake in the future. From expanding water lines to repairing roads and sidewalks, CDBG funds have been used to improve neighborhoods and change lives. Our community will most certainly feel the ill effects as a result of these proposed cuts. My fellow County Commissioners and I, along with our CDBG Coordinator, would greatly encourage you to support the CDBG program in its current state and reject any proposed funding cuts.

Thank you.

To be part of Montgomery's testimony

The following are projects that utilized Community Development Block Grant (CDBG) funds over the past several years: in Muskingum County

Location	Accomplishments	Estimated CDBG Funds
Village of Adamsville	Provided sidewalks for the elderly and residents	$90,000
	Constructed Sanitary Sewer System creating a healthier village with the elimination of private septic systems	$200,000 (Fed/State $1,200,000)
Village of South Zanesville	Built Community Swimming Pool	$125,000
	Improved Public Safety: Replaced Six (6) fire hydrants	$100,000
	Drilled second water well for the Village (Public Safety)	$120,000
	Replaced sanitary sewer line that leaked; created health problems over the years	$300,000
Village of Frazeysburg	Improved Sanitary Sewage lines. Eliminated septic systems at the west side of the town	$125,000
	Improved the street and drainage and constructed a sidewalk (Basin Street)	$110,000
	Added 12" waterline on East Main Street. The 8" line that was replaced had chocked the village water supply	$110,000
Village of Dresden	Replaced the deteriorated storm sewer on 6th Street. The old sewer was constructed with bricks and was a hazard.	$96,000
Village of Philo	Constructed 150,000 gallon water tank replacing an old 70,000 gallon tank that leaked. This improved the Village fire protection.	$130,000
	Replaced small water lines that did not provide fire protection	$80,000
Harrison Township	Improved swimming pool that did not hold water; stopped the leaks so it was able to be used. Benefited the children in the area	$95,000
Village of Avondale	Installed a storm sewer system that eliminated flooding in the area. Worked with USDA who did the engineering	$96,000

Location	Accomplishments	Estimated CDBG Funds
Village of Avondale	Paved Street	$85,000
Vilage of Roseville	Replaced non-working fire hydrants in the northern area of Roseville. This was a joint project with Perry County	$78,000
Village of Chandlersville (Wayne & Salt Creek Twp areas)	Provided safe potable water to the area eliminating many polluted wells.	$200,000
Village of New Concord	Extend sanitary sewer to an area that were able to increase employment. The CDBG funds were used as seed money (ARC) for the project.	

Many Village and Township Roads were paved with CDBG Funding

The beneficiaries of the CDBG program are the Low-Moderate Income Households. All projects have to meet this requirement. Every project over the last twenty two years has met the 52% Low Moderate Income requirement.

The existing program has provided a better life to the areas that were improved with the funding. Fire equipment and school buses were able to drive on paved roads, not roads full of potholes. Public Safety is a prime concern.

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The existing program has provided a better life to the areas that were improved with the funding. Fire equipment and school buses were able to drive on paved roads, not roads full of potholes. Public Safety is a prime concern.

March 23, 2006

The Honorable Bob Ney, Chairman
Subcommittee on Housing and Community Opportunity
US House of Representatives
2129 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Ney:

For the invitation and opportunity to testify today, to you and the Subcommittee on Housing and Community Opportunity, at this field hearing titled "Strengthening Rural Ohio: A Review of the Community Development Block Grant Program", I thank you for the privilege.

I testify to express my comments and those of the Ohio Mid-Eastern Governments Association's (OMEGA) Board and to seek your consideration and support to fully restore funding for HUD's Community Development Block Grant Program (CDBG) to the FY2004 level of 4.3 billion dollars. In addition, we ask that you and the Committee support retaining the original mission of the program as a flexible, locally driven program that provides valuable assistance to County Commissioners, mayors and development directors working to improve local community and economic development initiatives.

As Executive Director of OMEGA, I represent an organization that serves as a Council of Governments (COG), a Local Development District (LDD) and an Economic Development District (EDD) serving a ten-county region with a population of 593,221 residents in eastern Ohio.

At our most recent Annual Board meeting, 92 officials, including Commissioners, mayors, county engineers, development officials, tourism officials and private business leaders spoke of the critical importance of continuing funding for the CDBG program. At our March 22, 2006 OMEGA Executive Board meeting, we held discussion on this

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hearing and our Board in its entirety requested your full support of this most important program.

As a former development director in Belmont County, Ohio, I have had the privilege of working with you when you were State Senator and later on when you became a United State Congressman on three (3) separate development projects and they were: the 80 million dollar Ohio Coatings Electrolyte Tin Plating Plant, the Shadyside Stamping Mayflower Plant at 32 million dollars and the Belmont Correctional Institution built at a cost of 38 million dollars. These three (3) development projects were built at a cost of 150 million dollars and when I left Belmont County in 2001, these three (3) development projects had approximately 900 employees with an annual payroll and benefit package of over 35 million dollars. Belmont County and its people benefit today because of those developments. These projects could not have happened had it not been for the CDBG program and others like it.

Records that we have in the OMEGA office for the year 2004 report the OMEGA region received $200,654 for three (3) housing grants, $3,015,000 for 15 county and city formula grants, $885,000 for two (2) water and sewer grants and $5,839,000 for 12 CHIP grants. These CDBG grants are so important to our region and the individual counties and cities that they benefit.

Our infrastructure needs are many not only here but also throughout the country. Last summer the American Society of Civil Engineers prepared a report which addresses 12 categories of infrastructure that gives the nation's transportation, water and energy system an overall grade of "D" plus. Both drinking water and wastewater received a grade of "D". The report states the nation's 54,000 drinking water systems are aging rapidly and some sewer systems are 100 years old. We need quality programs like CDBG that address these issues of concern and importance.

You have done much for the people of Ohio and for economically disadvantaged citizens throughout the United States. We ask that you continue to look out for those in need and in the shadows of life. With a sluggish economy and three (3) major floods that occurred recently, our 10 member counties need your help and that of Congress more than ever. We ask that you support this quality program and restore funding of the CDBG program to the FY2004 level of 4.3 billions dollars.

We thank you for your consideration of this report and for all that you do for the OMEGA region.

Respectfully Submitted,

THE OHIO MID-EASTERN
GOVERNMENTS ASSOCIATION

DONALD R. MYERS
Executive Director

DRM/dk

GARY W. RICER
EXECUTIVE DIRECTOR

G.M.N.
TRI-COUNTY CAC, INC.

GUERNSEY, MONROE, NOBLE TRI-COUNTY CAC, INC.
"HELPING PEOPLE HELP THEMSELVES"

C.D.B.G. TESTIMONY
SUBMITTED BY:GARY W. RICER
EXECUTIVE DIRECTOR
GMN TRI COUNTY CAC, INC.
MARCH 24, 2006

On behalf of the residents of Guernsey Monroe and Noble County, I would like to submit this testimony of the need for the continuation of funding for the Community Development Block Grant Program.

GMN Tri County CAC, Inc. has administered the CDBG program for the Noble County Commissioners for the past twelve years. This program is discretionary funding which permits the local Elected Officials to complete much needed projects within their local jurisdictions which they could not do without CDBG funds.

During the past years we have been able to complete the following projects within Noble County:

1. Helped purchase Fire Trucks for volunteer fire departments.
2. Purchase needed supplies for volunteer fire departments.
3. Installed side walks.
4. Installed water lines.
5. Installed Dry Fire Hydrants.
6. Demolition of Buildings.
7. Renovation of Buildings.
8. Helped purchase Senior Citizens Vans.
9. Purchase Park Equipment for small villages within Noble County.
10. Engineering fees for proposed sewer lines.

We have received a significant reduction in grant funds over the past three years:

2004	$67,000.
2005	$63,000.
2006	$57,000.

I am urging your support of the continued funding for the Community Development Block Grant Program.

Respectfully Yours,

Gary W. Ricer
Executive Director

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Testimony

Samuel A. Salupo, Mayor, City of Cambridge

Strengthening Ohio: A Review of the Community Development Block Grant

March 24, 2006

The Community Development Block Grant program was developed by a Republican President and a Democratic Congress thirty years ago. It replaced hodgepodge of specific grant programs which were designed and approved according to the dictates of bureaucrats in Washington. CDBG put funds and decision making at the State and local level. It permitted communities to try and deal with their needs with locally developed programs and activities. This program has served the country well in most places. CDBG, and attendant programs such as ARC, EDA, HOME, etc. have improved housing, local economies, and infrastructure primarily for lower income household and communities. They have done this with local, rather than Federal decision making.

CDBG funding over the past ten years has been stagnant. It has not even kept up with inflation, and last year it was cut in real terms by ten percent. Given the good this program has done in Cambridge, and hundreds of other communities, this is simply not acceptable. It is not acceptable to balance the budget on the backs of lower income household. To believe this program can survive another 25% cut, and continue to serve hundreds of thousands nationwide, is simply folly. What is needed, and what we want to see, is full funding of the CDBG program at no less

than $4.5 billion dollars. Even this does not begin to make up for the years budget amounts not covering inflation.

CDBG remains crucial for rural areas such as Cambridge. For decades, the Federal Government has been a strong partner of our community to ensure that our City can provide housing, community and economic development opportunities for our residents. This partnership has resulted in lasting and positive change for our community by producing affordable housing, and creating jobs through business and commercial development. These programs have greatly benefited our City, and to a greater, more specific extent, our elderly, our children, and our LMI population.

It is critical for our federal government to remain a strong partner, keep CDBG as a Housing and Urban Development administered program, and retain the current funding levels. The federal, state and local governments have a duty to ensure all residents have safe and sanitary housing, adequate public infrastructure, and access to employment opportunities. Our community deserves a better quality of life, a quality of life made possible through the assistance of CDBG funds.

To many who do not understand the program, CDBG represents a federal government "slush fund". I submit to you that it is a comparatively small amount of public dollars to leverage a huge amount of private sector funding. As has been said many times by others, CDBG is truly a "leg up, not a handout".

Let me illustrate some of the important projects that CDBG has made possible in our community in the past few years, and is demonstrative of the programs made

possible throughout CDBG's 30 year history.

We now enjoy a beautiful, vibrant Downtown area, made possible by one Downtown Revitalization grant totaling $400,000, with an additional $150,000 of Discretionary funds, through the ODOD, Office of Community Partnerships grant programs. These funds made it possible to save a dying downtown, which has, in turn, encouraged the private sector to invest heavily in our efforts to preserve a historic piece of small town, USA.

Our community, as many throughout our Nation, has directly benefited from CDBG Formula funding, in the amount of $498,000 over the past five years. We have been able to fund projects such as street improvements, renovation of our fire department facilities, curb and sidewalk replacement, street resurfacing, to name a few.

The Water and Sewer CDBG funded program through the Ohio Department of Development provided $ $450,000 of critical funding to replace two lift stations and 4600 linear feet of sewer lines, which benefited 1,273 households.

CDBG, HOME and Ohio Housing Trust funds make up the funding for the ODOD Comprehensive Housing Improvement Program (CHIP) program. The CHIP funding from the last three two-year grants total $1,655,000, and has greatly assisted in preserving our City's neighborhoods. CDBG has provided home ownership opportunities for our LMI population with a new construction program, it has assisted our elderly, single mothers, and large families with emergency repairs which otherwise would not have been possible, it allowed for rehabilitation

of our current housing stock for homeowners who cannot obtain conventional financing. CDBG has helped create partnerships with rental property owners to renovate rental units, providing safe rental housing, while allowing rent amounts to remain at an affordable level. Additionally the funds provided a strong partnership between our local Habitat for Humanity and the City for creation of new housing.

The Appalachian Regional Commission (ARC) further provided CDBG funding in the amount of $460,000 for sewer and water projects, rail improvements, paving projects, and funding to support our Community Improvement Corporation's (CIC) efforts to strengthen and attract Economic Development and job creation for our area.

In conclusion, CDBG is a program that serves communities and lower income households well. It has made a significant difference in the City of Cambridge, and has improved living conditions for numerous lower income households. We ask that Congress fund this program at a level of no less than $4.5 billion in the coming FY07 Federal budget.

TESTIMONY OF MAYOR HOWARD S. ZWELLING, CITY OF ZANESVILLE

In this climate of deficits and budget cuts, the Community Development Block Grant Program has been criticized for lack of impact. I strongly disagree. I'm prepared to give you many examples about the positive impact these funds have had on our citizens and community, but I also want to note the devastating impact that the reduction or elimination of these funds would have on us as well. To make cuts in this program is to ask the most from those who have the least to give.

Nearly 57% of the population of Zanesville earns low to moderate income. CDBG funds have helped us address the needs of our citizens who don't have the sufficient income to pay local taxes to cover the cost of providing themselves with basic services. Each year, we have a Citizens' Advisory Committee review applications from City departments and local non-profits. After reviewing this information and the City's community and housing assessment plans, they make recommendations to me as to which projects to fund. This is an example of "home rule" functioning at its best: local citizens are prioritizing projects in their own community. Since 2000, we have been able to make the following improvements with these funds:

- 1,439 Linear Feet of Sewer Lines and Repairs
- 5,300 Linear Feet of Water Lines and Repairs
- 7,680 Linear Feet of Curbs & Sidewalks in the City of Zanesville
- 5,291 Linear Feet of Street Repairs
- Home Repairs for 48 Low-Moderate Income Owner-Occupied Households
- Purchase over 2,300 pieces of electronic equipment and supplies for local non-profit organizations dedicated to community outreach

Often, we've utilized matching funds from other sources like HOME and the Ohio Housing Trust Fund to get the maximum benefit from this investment.

It's important to note that CDBG has not and does not provide sufficient funds to address the comprehensive total needs of low and moderate income people. Each year, we have to deny applications for very worthy projects because there is no money. These include new water lines, sewer separation projects, equipment purchase and capital improvement projects for non-profits.

Over the past six years, the City of Zanesville has spent, on average, approximately $184,000 on projects dedicated to assisting individuals living in Low-Moderate Income homes and communities. However, with the projected reductions in CDBG funding, many more projects may be limited or eliminated entirely. Looking at these reductions, in 2004, the City of Zanesville received full CDBG funding of $175,000. Since then, CDBG funding has been reduced by 5% in 2005 to $165,000, 10% in 2006 to $149,000, and a projected 25% reduction in 2007 to $112,000.

With this proposed reduction in place, our ability to assist those living in these targeted areas is drastically reduced and instead of performing four or five projects every fiscal year, we would only be able to execute one, possibly two, projects per year while crippling our ability to aid those in the greatest need of assistance.

In conclusion, looking at both President Bush's comments for reducing the funding for CDBGs as well as the stated purpose for these block grants, what the City of Zanesville, as well as many other communities around the nation, is implementing policies mirroring these stated goals by the Administration. CDBG funding is going directly to community outreach programs as well as infrastructure and home repairs in many low-moderate income communities. By restructuring and reducing this funding, the Administration is only perpetuating this dire situation already in place in many communities as well as limiting the accessibility of these funds to individuals who need this assistance the most.

Coshocton County Commissioners
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BOARD OF COMMISSIONERS
Grant K. Daugherty Kathleen M. Thompson Dane R. Shryock

March 24, 2006

Hon. Robert Ney
2438 Rayburn House Office Bldg.
Washington, D.C. 20515

Re: Community Development Block Grant Funding

Dear Congressman Ney:

It has come to our attention that that the future of Community Development Block Grants (CDBG) may be in jeopardy. We write to express our support for the continuation of this program which has benefited Coshocton County in numerous ways through the years.

Since 1999, nearly $200,000 has been invested in street paving in the villages of Warsaw, West Lafayette and Conesville. CDBG funds brought gas lines to the remote community of Tiverton, water well upgrades and a walking path to Warsaw, and a community center to the village of Nellie. Handicap automatic doors have been installed at our County Services Building and the Senior Center with CDBG funds, a park was added to the village of Fresno, and fire hoses were purchased for the Three Rivers Fire District.

It is clear that these funds have provided necessary services as well as enhancement of the quality of life for countless citizens in our county. We appreciate any and all efforts to secure the future of these funds that have had such a significant, positive impact on our communities.

Thank you for your continuing support of all the residents of Coshocton County.

COSHOCTON COUNTY BOARD OF COMMISSIONERS

Dane R. Shryock

Dane R. Shryock

Kathleen M. Thompson

Kathleen M. Thompson

Absent

Grant K. Daugherty

City of
Marietta
301 Putnam Street – Marietta, Ohio 45750
Phone (740) 373-1387 – Fax (740) 373-2489
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Congressman Bob Ney
US House of Representatives
2438 Rayburn House Office Building
Washington, D.C. 20515

RE: Future of CDBG Funding

Dear Congressman Ney:

On behalf of the citizens of Marietta, I respectfully request that you and your fellow committee members continue to support the Community Development Block Grant program without further cuts. This program is essential to the existence of our low-income residents, and its flexibility offers us the ability to create programs using CDBG funds that have a direct and meaningful impact on their lives every year.

Just last year, we were able to use our CDBG funds to help 15 local families with emergency home repairs; 17 families paint their homes; 13 businesses make improvements to their storefronts; supplement our public transportation routes; provide summer playground programs for over 100 area children; provide over 300 scholarships to our new Aquatic Center; place new playground equipment in two of our neighborhood playgrounds; and install beautiful street lighting in a slum/blight area for residential safety. This is not the entire program list from 2005. We spent more than $545,000 to provide for our low-income residents in ways that would not and could not be done otherwise.

As such, this program is essential to our existence. As is its flexibility in deciding what kinds of programs we can create to meet the needs of our residents. One quick example: we suffered two devastating floods (Sept. 2004 and Jan. 2005). We were able to shift some of our CDBG funds into flood repair programs to assist folks *immediately* in their time of need. What other federal program could we have done this with at such a critical time?

Please do keep these facts in mind as you make your decisions regarding CDBG. I know that I am not alone in asking to keep CDBG strong and flexible throughout the coming years!

Sincerely,

Michael Mullen
Mayor

TESTIMONY BEFORE THE
COMMITTEE ON FINANCIAL SERVICES
SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY

PRESENTED BY
CHARMEL WESEL
CITY OF MARIETTA
DEVELOPMENT DEPARTMENT
304 PUTNAM STREET, MARIETTA, OHIO 45750

MARCH 24, 2006
CAMBRIDGE, OHIO

Good afternoon. My name is Charmel Wesel, and I am the Acting Development Director for the City of Marietta, Ohio. We currently receive Community Development Block Grant (CDBG) funds as an entitlement community. Our entitlement for 2006 will be $450,554. Our 2005 entitlement was $505,971.

CDBG funds are an incredibly valuable tool in assisting our low-income families. Here is a brief run-down of just some of the ways we have spent our 2005 entitlement funds:

- Assisted 15 families with emergency home repairs
- Gave 17 families the paint and supplies to paint the exterior of their homes
- Helped 13 local businesses make improvements to their storefronts
- Provided more than 100 children with summer playground program activities, while providing five local teens summer jobs
- Awarded more than 300 scholarships to families admitting them to our new Aquatic Center
- Supplemented our local public transportation system with $40,000
- Placed new playground equipment in two of our neighborhood playgrounds
- Installed historic street lighting in a slum/blight area to provide residential safety
- Assisted our local Food Pantry with purchase of new refrigeration equipment
- Hosted a Building Doctor Clinic for our many residents living in older/historic homes
- Hosted a DART visit that began an ongoing drive to build a Main Street program in our downtown
- Provided lead paint education for several families
- Worked with our Washington County Career Center to create 22 new wrought iron trash receptacles that were placed throughout our downtown and bike path
- Planted more than 40 trees throughout a slum/blight area
- Completely re-worked a city street
- Re-surfaced a public basketball court

This is not a complete listing of the projects accomplished in 2005, but are very indicative of just how valuable the dollars are that we receive from CDBG every year. Please do keep in mind that all of these projects are done in areas that have been identified as low-income or slum/blight areas, using census tract data.

We are very fortunate to receive these CDBG funds. Their flexibility is crucial in allowing us to create programs that will directly affect those low-income residents who truly need assistance. A brief example of the wonderful flexibility of the CDBG program came to light following the two devastating floods we experienced in September 2004 and January 2005. These floods ravaged our town, affecting some 300+ businesses, and thousands of residents. Most of the residents affected were low-income, as our trailer parks were destroyed and many homes flooded. FEMA came to assist us, but they could not provide adequate funding to help everyone. We were able to move funds from a few projects into our Emergency Home Repair program to help homeowners replace furnaces, hot water tanks, electrical work, and so on. We also worked with our HUD office to set up a Flood Recovery for Business project, assisting more than 35 local businesses with

some quick funding to help them repair their buildings and get back open for business. I know of no other federal program that has the kind of flexibility to confront issues like these.

One other issue to address is more specific to our region: Appalachian Ohio continues to lag behind the rest of the country in terms of economic growth. While I hear on the nightly news that our country's economy is growing, our local economy remains stagnant. We continue to have homeless issues resulting from our floods – many of those homeless go unreported, sleeping on a family member's sofa or living in their cars. Gas prices continue to stick at $2.45 - $2.50/gallon. Our population in Marietta is shrinking, and our employer base is declining. Our manufacturing base has shrunk dramatically, leaving what few job openings available only in the service sector, offering much lower wages and fewer benefits. These items affect our city government's pockets deeply, resulting in fewer infrastructure improvements and services. CDBG is our strongest hope to provide much-needed assistance to those in such dire need.

While I realize that our federal government has to be fiscally responsible, CDBG is not the area in which to make such drastic cuts. Unfortunately, the reality of life for our low-income citizens is this: a one-time assistance from a CDBG fund will not move them out of their low-income lives. CDBG is and must remain an on-going flexible funding program to allow communities to help those in need. Whether that's creating jobs, providing funding for home repairs, or maintaining adequate infrastructure – CDBG answers all of these needs and more. I urge you to look for other alternatives to find the funding to balance the federal budget – don't take away from those that have nothing to give already.

Thank you for allowing me to testify today, and I will be happy to answer any questions you may have.

MUSKINGUM COUNTY
MCEO
ENGINEER'S OFFICE

Douglas R. Davis P.E.,P.S. - County Engineer

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March 23, 2006

Bob Ney
U.S. House of Representatives
18th District, Ohio
2438 Rayburn House Office Building
Washington, DC 20515

RE: CDBG Funding, Muskingum County, Ohio

Dear Congressman Ney:

This letter concerns the proposed reduction in funding for the CDBG program as part of the Bush Administration's FY 2007 budget proposal. As a local elected official in Southeastern Ohio, I have the ability to see first hand the benefits that the CDBG funds provide for the area's small communities. Among those benefits, are improvements to local infrastructure, which would likely not occur without the CDBG funds.

As the chief transportation official for the county, I recognize the importance of good roads as an essential foundation for communities serving low and moderate income families. Without the ability to secure funds for road improvements, many townships and villages within the county could simply not afford to provide asphalt resurfacing, storm sewer improvements, or other types of highway projects. These financially strained communities can barely afford to maintain their roads, let alone pay for highway improvements. Consequently, a reduction in CDBG funds at the county level would undoubtedly place a financial burden on these communities and severely slow or completely halt any attempt to provide highway improvements for many low and moderate income areas.

There are numerous townships and villages within Muskingum County that have received CDBG funds or are eligible for such monies. It is estimated from the engineer's office records that over $2.2 million in CDBG funds were utilized for highway improvements on county, township, and village roads throughout the county. All of these projects benefited low and moderate income families, while allowing needed improvements for the public highway system. Allowing local control of these funds, the county commissioners are better able to assess the needs of their locality and provide funding for financially strapped communities. As we continue to see soaring prices for fuel, asphalt, concrete, and stone, it is essential that these funds remain in place to build and repair our county's most important resource, its infrastructure.

Sincerely,

Douglas R. Davis, P.E., P.S.
Muskingum County Engineer

DRD/mr

Pc: Muskingum County Commissioners

MUSKINGUM COUNTY, OHIO
CDBG HIGHWAY FUNDING
ESTIMATED (1989-2006)

FY	Amount	Communities Involved
1987	$101,000.00	Monroe Twp, Adams Twp, Madison Twp, Hopewell Twp, Muskingum County
1988	$175,000.00	Musk. County, Harrison Twp, Hopewell Twp, Fultonham Village, Norwich Village
1989	$118,000.00	Licking Twp, Perry Twp, Salt Creek Twp, Muskingum Twp
1990	$200,000.00	Frazeysburg Village, Brush Creek Twp, Newton Twp, Salt Creek Twp, Muskingum County, Hopewell Twp
1991	$92,000.00	Muskingum County, Frazeysburg Village
1992	$217,000.00	Newton Twp, Muskingum Twp, Cass Twp, Licking Twp, Muskingum County
1993	$185,400.00	Frazeysburg Village, Licking Twp, Salem Twp, Washington Twp, Salt Creek Twp, Hopewell Twp, Newton Twp
1994	$150,448.00	Adams Twp, Washington Twp, Newton Twp, Muskingum County
1995	$96,000.00	Newton Twp, Cass Twp
1997	$132,152.00	Muskingum County, Fultonham Village, Muskingum Twp
1999	$100,000.00	Muskingum County, Monroe Twp, Newton Twp
2001	$124,000.00	Salem Twp, Adamsville Village, Perry Twp
2002	$58,000.00	Muskingum County, Norwich Village
2003	$76,081.00	Jackson Twp
2005	$200,000.00	Newton Twp, South Zanesville Village, Jefferson Twp
2006	$180,700.00	Brush Creek Twp, Muskingum Twp, Fultonham Village, Washington Twp
TOTAL	**$2,205,781.00**	**No. of projects 1987-2006 = 58**

THE COMMUNITY ACTION PROGRAM CORPORATION
OF WASHINGTON-MORGAN COUNTIES, OHIO

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P.O. BOX 144 MARIETTA, OHIO 45750

DAVID BRIGHTBILL
EXECUTIVE DIRECTOR

Congressman Bob Ney
US House of Representatives
2438 Rayburn House Office Building
Washington, D.C. 20515

RE: Future of CDBG Funding

Dear Congressman Ney:

On behalf of the Washington/Morgan County Community Action Program, I respectfully request that you and your fellow committee members continue to support the Community Development Block Grant program without further cuts. As a non-profit agency that acts as a sub-grantee for the City of Marietta, we use CBDG funds to administer Marietta's Section 8 Housing Voucher and CHIP programs.

This program is of critical value for our many low-income residents, and its flexibility offers the ability to create programs using CDBG funds that have a direct and meaningful impact on their lives every year. We see this every day with our own clients as well.

While the City has many valuable programs incorporating CDBG funds, we focus on our 350+ housing voucher clients, and the many families we have helped with CHIP rehabilitation grants/loans. We also receive $40,000 from the City of Marietta's CDBG budget to run our public transportation system, without which we would be forced to eliminate one of our major daily routes.

Please do keep these facts in mind as you make your decisions regarding CDBG. I know that I am not alone in asking to keep CDBG strong and flexible throughout the coming years!

Sincerely,

David Brightbill
Executive Director